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FREE TRADE DELUSIONS

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FREE TRADE DELUSIONS

By
R. B. SUTHERS

LONDON : THE CLARION PRESS,
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Foreword.

This book has been written primarily with the object of converting Socialists to Socialism and Labourists to Labourism.

When Mr. Chamberlain flung his Tariff Reform and Colonial Preference proposals into the political arena in 1903, Socialists and Labourists were devoting all their energies to the building up of an Independent Parliamentary Labour Party. Socialists then believed that any legislation introduced or supported by a Labour Party must be a step in "our" direction, so they sacrificed their more advanced programme to practical Labour politics.

The General Election of 1906 seemed to prove the wisdom of their action, and the conduct of the Labour Party in the House of Commons during the first session left little opening for criticism.

But after 1906 the Labour Party's Independent policy fell to pieces. Instead of the Socialist tail wagging the Labour dog, the Labour tadpole swallowed its Socialist tail, and the resulting frog was in turn swallowed by that old "friend of Labour," the Liberal stork. The Labour Party became merely a Liberal-Labour Party, and at the General Election of 1910 there was in many constituencies a tacit arrangement between Liberal and Labour Parties which amounted to an Alliance.

Now, in the early days of the Tariff Reform agitation, most Socialists and Labourists were too busy preaching Socialism and Independent

Labourism to spare time for the study of the Tariff problem. Many Socialists thought the Tariff Reform propaganda was nothing but a political red-herring, invented to lure the people from the consideration of Socialism, whose adherents were rapidly becoming a Menace.

Whatever the fiscal system adopted every one knew that the evils of poverty and unemployment existed in every civilised country, and that the remedy everywhere required was Socialism. So the Tariff Reform agitation was not countered by Free Trade argument, but by Socialist propaganda.

But, after 1906 at any rate, it began to be very clear that the Labour Party, including the Socialist element in it, was not neutral on the Tariff question. Labour M.P.'s became as enthusiastic in the defence of Free Trade and as bitter opponents of Tariff Reform as the extremest Cobderite. They used the same arguments and were evidently as much the victims of Free Trade delusions as that fine old crusted Individualist Earl Wemyss.

That Trade Union representatives, whose ideas of social progress never reached further than Old Age Pensions and Workmen's Compensation, should still be floundering round in their Individualistic morass, was not, perhaps, surprising. But that Socialists, leading Socialists, should stultify their principles by preaching Free Trade, was nothing less than a crime. Competition is the soul of Free Trade, Co-operation is the soul of Socialism. To defend Free Trade is to attack Socialism.

As regards Labour, the result of the Labour Party's support of Free Trade, if continued, can result only in the disruption of their forces. All Labour cannot possibly profit by a fiscal system

which favours certain industries at the expense of others. So that the dream of a united Labour Party becomes impossible of realisation. Instead of an Independent Labour Party pledged to consider all social and labour problems from a national point of view, we can, under such conditions, have only Labour Parties pledged to support the interests of rival capitalist parties.

That way lies futility and sterility. No Socialist, no useful Labour legislation can be secured from such a division of the masses. And it was to do what little I could to prevent this fission that I started a discussion on the subject in the "Clarion," in which paper the chapters following first appeared.

That discussion disclosed the fact that even amongst Socialists there is a large amount of ignorance on the fiscal question, and a tendency to defend Free Trade simply because Protection is a Tory proposal. As if a similar reason were not quite as good an argument against Free Trade.

I have tried to make it clear that the Socialist must have a Socialist point of view and that although Free Trade and Socialism is impossible, Socialism involves Protection, and is, indeed, Protection in perfection.

Another object which I hope this book may serve is the instruction of the Tariff Reformer in the true principles of Protection. That Tariff Reform alone will achieve any lasting benefit I have small hope. Protection against Foreign Competition alone would no more abolish poverty and unemployment in this country than it has done in any Protectionist country. If the rank and file of the Tory Party will learn this lesson they may be induced to throw their votes and influence on the side of real Protection. Which is Socialism.

FREE TRADE DELUSIONS

I.—The “Benefit of the Individual the Benefit of the Nation” Delusion

THE problem is, “What ought to be the attitude of a Socialist towards Protection and Free Trade?”

Our object being the establishment of Socialism it is plain that the answer to this question will depend on the answer to another question, *viz.*, “Which system provides the most favourable conditions for the furtherance of Socialistic ideas and measures?”

Perhaps it will be useful first to define Socialism. If we understand clearly what the aim of Socialists is, then, by studying the aims and methods of Free Trade and Protection, we shall be able to judge which of the two systems is the more likely to help Socialists to achieve their object.

My definition of Socialism will be short, and one that will, I think, be approved by all Socialists, to whatever section they may belong.

The object of Socialism is the ownership and control of the land and all the means of production

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of any given nation, and the administration and management of the same in the interests of the whole people.

I propose next to compare that object with the object of Free Trade, and to inquire whether the two ideals are in harmony, or whether they are antagonistic.

What is the Free Trade doctrine? It may be stated thus:

If an individual be permitted to produce those commodities or engage in that employment for which his possessions and talents best fit him, he will so obtain for himself the greatest amount of wealth and happiness possible.

What is good for the individual must be good for any number of individuals.

Therefore what is good for the individual must be good for the nation.

Now, to a Socialist, it seems extraordinary that any sane person could ever be deluded by so transparent a fallacy as that contained in the second proposition.

Is it true that what is good for the individual *must* be good for the nation?

If an individual possessed of land and capital be permitted to produce food or manufactures and to make profits by employing other individuals at the wages starvation compels them to accept, he may obtain wealth and happiness, but it does not follow that his employees will attain either wealth or happiness.

Socialists have always denied the truth of the basic principle of Free Trade, but, strange to say,

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some of them still believe in the fallacies growing out of that rotten foundation.

Belief in the principle that an individual should be permitted “to do what he likes with his own” is to-day tottering to its grave. Even Free Traders have partially renounced it.

Free Trade starts with the welfare of the individual. Socialism starts with the welfare of the whole people.

Free Trade assumes that the welfare of the nation must follow from the welfare of the individual.

Socialism asserts that the welfare of the greatest possible number of individuals will follow from the welfare of the nation.

Free Trade demands freedom for the individual to follow his own interests, but it does not demand equality of opportunity for all individuals.

Socialism demands equal opportunity for all, under national control.

As regards the individual, the ideal of Free Trade and the ideal of Socialism are absolutely antagonistic.

So far, then, there is no agreement between the object of Free Trade and the object of Socialism.

Now, if this Free Trade principle of freedom of employment, when applied to *the* individual be found to be based on a fallacy, it can hardly be expected to be true when applied to two individuals or to a nation of individuals.

Free Traders assert that what is good for the individual must be good for the nation.

They lay it down as an incontrovertible truth that :

A nation (like an individual) grows richer by producing the commodities which its natural resources

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and the talents of its population best qualify it to produce, and by exchanging these for the commodities it is not so well qualified to produce.

I do not deny the truth of this proposition. What I do deny is the assumption that *any such nation exists, or could exist under Free Trade.*

For the proposition to be true of any nation, that nation must be a *Socialist* nation, and the resources and the talents of the population must be under the control of the whole people.

Only under such conditions would it be possible to organise the production of wealth so as to ensure that the resources of the country and the talents of the people were used to the best advantage of the *nation*.

Consequently, in order to effect such a result, the basic principle of Free Trade must be thrown to the winds.

If a man be free to do what he likes with his own, to use his possessions and talents to crush his rivals, to obtain as much wealth and happiness as possible for *himself*, it cannot be inevitable that the amount of wealth produced under such conditions must be the largest possible.

By ousting a rival B, A may be able to increase his own wealth from £1,000 to £1,500. But if B had lived the total wealth of the two working together might have been £2,000.

What is good for some individuals may be bad for other individuals.

Now, as the nations of our time are made up of the two kinds of individuals, the successful and the unsuccessful, it must follow that the Free Trade system results, not in the highest possible welfare of the whole nation, but only in the welfare of the victors in the so-called "free" struggle.

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The Free Trade proposition with regard to the wealth of the nation, produced and exchanged at home, is, then, untrue of any existing nation. No nation produces wealth as a *nation*. Individuals in each nation own the instruments of production and in Free Trade countries produce what they please without considering the interests of the nation at all.

The same reasoning applies to the activities of “free” individuals in regard to foreign trade.

Nations do not trade together as nations. Nations do not trade at all. Individuals in one country trade with individuals in another country.

If, as in Free Trade countries, the individuals are free to trade with whomsoever they like in any country, it is ridiculous and absurd to speak of the “nation” trading.

Does the “free” individual in a Free Trade country ask himself before he trades with a foreigner whether such action is the best for his country?

No. All he considers is his *own* profit, his own welfare.

But his profit and his welfare may lie in the export or import of goods which may cause the “nation” infinite harm.

It might, for example, pay the owners of our coal-fields to sell all the “nation’s” coal to foreigners, it might pay our shipowners to sell all their ships to foreigners. The individuals concerned might make enormous profits, but would the nation necessarily benefit?

It is to the burglar’s individual interest to rob houses. On Free Trade principles a successful burglar is occupying himself in the industry for which he is best fitted. Therefore, burglary is good for the nation!

If you say this is an extravagant illustration my

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answer is that the extravagance is only a matter of opinion. Is the sweating employer, or the child slave-driver, or the shipowner who transfers his ships to the foreigner, or the importer of cheap foreign goods any more excusable than the burglar? Each or all may be just as harmful to the nation as the burglar.

This Free Trade delusion that what benefits the individual must be good for the nation is one of the silliest by which men's minds have ever been led astray. One would think the proposition only needed stating to be ridiculed into oblivion.

If the people *were* a nation, if they produced as a nation, if they exchanged their products with foreigners as a nation, then the Free Trade principle might be true.

But you cannot have at one and the same time, millions of individuals "free" to follow their own interests, and the same millions acting together in the interests of *all*.

If every worker in the nation produced the things which his talents best fitted him to produce, then the nation would grow richer, *if* the production of those things by each worker harmonised with the requirements and interests of the whole people as a nation.

But it might happen that the talents of, say, 1,000 men fitted them best, individually, for the production of musical instruments, when the interests of the nation required armaments rather than musical instruments

In that case it would not be true that what was best for the individuals must be best for the nation.

The Socialist would sacrifice the individual for the benefit of the nation, if necessary.

The Free Trader is always ready to sacrifice the

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national interests for the benefit of the individual. At any rate, he leaves the individual free to decide the question himself.

The Free Trader would produce and exchange goods with foreigners rather than with his fellow-citizens, if it paid *him*.

If you can make an extra £1,000 a year by purchasing foreign goods, buy them. Your action may throw out of employment a number of your fellow-citizens. What matter? They are "free" to divert their labour and capital into some other channel. If they do not? Well, that is their look out.

Have not the Professors of Political Economy said that an individual is the best judge of his own interests, and have they not said that what is good for the individual *must* be good for the nation?

Unemployed? Nonsense. Wastrels! Casual labour? Nothing but laziness! Ruined industries? Serve them right. The weakest to the wall.

The Socialist, on the other hand, would insist on employment and subsistence being found for all his own people, even if by so doing he reduced the wages or salaries of a portion of the population.

The Socialist would rather see ten men employed at £2 a week than five men unemployed in order that the other five might make £2 1s. a week by trading with foreigners instead of with fellow-citizens.

The Socialist would not allow individuals to play ducks and drakes with the natural resources of the country. The preservation of its land, and other raw material, its capital, and its labour, would be the Socialist's prime duty. How otherwise could Socialism be established or be maintained when once established?

Socialism and Free Trade are an impossible com-

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bination. Free Trade excludes Socialism, as Socialism excludes Free Trade.

Many Socialists seem to think that universal Free Trade would somehow lead the nations to Socialism. But this is another fallacy.

Universal Free Trade would be no more Socialistic, and would no more tend towards Socialism than universal competition at home would lead to universal co-operation at home.

What results from Free Competition inside the country? The weakest goes to the wall. The Free Trader denies the Right to Work, he scorns the idea of national organisation of industry, he will not listen to the advocate of Protection.

If such be the results of internal free competition, how could we expect Free Trade amongst the people of all nations to have different results?

Given universal Free Trade those individuals in countries which were richest in fertile lands, in mineral wealth, in raw material of all kinds, individuals in those countries with the cleverest inventors and the most skilful workers, would wipe out the competing industries set up by the weaker individuals of other nations.

Under universal Free Trade, America, for example, might capture the steel industry of the whole world. Of course, the displaced capitalists and the unemployed steel workers in Germany, Great Britain, and other countries would be free to divert their capital and labour into fresh channels, but——

Would that be Socialistic? Would it tend towards Socialism? How?

If the whole world were converted to Socialism the "Parliament of Man" might decide that all the steel required should be produced in America.

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But that would be a very different proposition. That would not be Free Trade. That would be regulated production.

The principle guiding the people under those conditions would be the welfare of the world. The principle guiding the American Steel Trust would be the welfare of the individuals controlling the American steel industry.

Under no circumstances then can Free Trade be anything but an evil in the eyes of the Socialist.

Why, then, are so many Socialists deluded into the belief that Free Trade is the best policy until Socialism is established?

I have shown that the basic principle of Free Trade with regard to the individual is a fallacy. I have shown that the corollary of that proposition with regard to a nation is equally a fallacy.

The foundation of the Free Trade doctrine being rotten, how can the superstructure be sound?

II.—The “Wealth” Delusion

ONE of the commonest delusions foisted on to the masses as Free Trade fact is the “Wealth” fallacy.

Free Trade, we are told, ensures the production of the largest possible amount of wealth for the individual. Therefore Free Trade must ensure the production of the largest possible amount of wealth for the nation.

What is the meaning of the great Free Trade maxim, “To buy in the cheapest market and sell in the dearest”?

Let Cobden answer :

It means that you take the article which you have in the greatest abundance, and with it obtain from others that of which they have the most to spare; so giving to mankind the means of enjoying the fullest abundance of earth's goods.

Nothing could be truer. Nothing could be more simple.

If one individual has opportunity and talent for producing cotton goods and no opportunity nor talent for growing corn, and another individual has opportunity and talent for growing corn and neither for producing cotton goods, those two individuals would be wise to employ their energies in the production of the article for which they are best fitted, and in exchanging one for the other.

The same reasoning would apply to a number of

individuals or to two or more nations *under similar circumstances*.

But Cobden and the Free Traders conveniently forgot that nations do not act as *one man*. The United Kingdom does not produce manufactures as a nation and exchange them for food produced by the United States *as a nation*.

No. An individual in Great Britain may have opportunity and talent for producing manufactures, and an individual in the United States may have opportunity and talent for producing food. Under Free Trade the two are permitted to exchange, “so giving to mankind the means of enjoying the fullest abundance of earth’s goods.”

But is it so? Does this result necessarily follow?

Not at all. The advantages of the exchange are enjoyed only by the exchangers. The individual in Great Britain enjoys cheap food. The individual in the United States enjoys cheap manufactures.

But in Great Britain there may be a food grower unemployed, in the United States a manufacturer unemployed.

The Free Trader will reply, “What is to stop these two from exchanging their products in the same way?”

Many things. Neither of them may have *opportunity* to produce anything, though both may have talent.

How is a landless man to produce food, or a man without capital to produce manufactures?

That is the position of thousands to-day in both countries.

But, says the Free Trader, “if you closed our ports and shut out all foreign competition, there would still be unemployment. Competition at home is just as deadly as competition from abroad.”

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This is not true. If two Britishers, A and B, exchange their goods, and after a time A decides to stop buying from B and exchanges his product for the product of F, a foreigner, then B is unemployed. There is no demand for his product.

B *may* find new employment, or he may lose all his capital. In the latter case the total capital in the country is decreased; the employment is decreased.

"Well," says the Free Trader, "would not the same effect be produced if C, another Britisher, knocked B out?"

Not at all. For in that case A and C would have the same amount of capital and employment as A and B had previously.

B would be hit just as hard as if the foreigner had won his trade. Yes. But *the nation* would be no worse off than before. There would be just as much capital and employment in the country.

It is clear, then, that Cobden was wrong when he said that buying in the cheapest market and selling in the dearest would ensure the greatest abundance of wealth for "mankind."

We know from the evidence of our senses that millions of our own countrymen do not benefit at all from this system.

A and F, a Britisher and a foreigner, may increase their wealth by exchanging products. But B may be ruined by their action, and the total wealth in our country may be less than it would have been had A been contented with a little less, and by exchanging with B enabled B to get a living. The *nation's* interest is to employ first its *own people*.

Working men are misled by the fallacy because it so happens that the wealth of the rich has grown

enormously since 1846, and the wealth of some workers has grown a little.

But there are 39 million poor people in our country and 20 millions villainously poor. There are 12 millions who cannot under Free Trade earn enough to buy sufficient food to keep them in physical health.

Where is the abundance?

Some Socialists argue that there is enough wealth produced even now to provide a decent living for the whole people *if it were fairly distributed*.

But it is the very essence of Free Trade that it should *not* be fairly distributed.

It *could* not be fairly distributed under such a system. To imagine that we can retain the competitive system and the free ports which Free Trade involves and at the same time divide the wealth produced fairly is mere foolishness.

It is true that we have resources and skill sufficient to produce a comfortable living for all. But to take the total earnings of the whole people *in money*, to divide the sum by the population, and to assert that all that is needed *now* is a fair division is absurd.

Suppose the total national income were divided equally, and that each family had four or five pounds a week. What could a man *buy* with his four or five pounds?

Under present conditions he could not possibly buy the things he would need. We do not produce the things that would be required by a population earning four or five pounds a week per family.

We produce too much cotton and not enough food. We produce too much iron and not enough houses and furniture. We produce too much coal and not enough cricket bats.

To distribute fairly the national income we should

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have to produce the kind of goods involved by a fair distribution. What would that entail?

A radical change in production and exchange. Free Trade would be impossible. Cotton capitalists do not produce cotton goods to supply the people of their own country with clothing. They produce cotton goods to sell. They do not care where they sell them.

But they get goods in return from the foreign buyers? Yes. And if the cotton profits were divided fairly among the cotton operatives, could not the cotton operatives buy from abroad the things they would need?

Some, yes; but not all.

At present cotton capitalists (and other capitalists) send a good deal of their surplus profits abroad. How do these profits go abroad? In the form of cotton or other goods. Who make the goods? British workers.

Now, if the value of the cotton produced were fairly distributed, the cotton operatives would have more money. But they would not want to export it abroad; they would want to *consume* most of it. They would want better houses, more and better food and clothing, more and better furniture, more books, more recreation. Most of these things would be produced at home. Some of them *must* be: houses, for instance.

The result would be that the surplus capital now exported in the form of cotton (or other goods) *would not be exported*. What does that mean?

It means that we should be producing *too much* cotton for the needs of the people.

What would be the remedy? We should have to reduce production and draft the surplus operatives into the industries required to supply the new needs

of the workers, who would now have much higher wages.

A further result would follow. The surplus capital now exported by cotton capitalists brings in *interest*, which is paid by the importation of foreign goods. That interest would be stopped if cotton operatives spent the surplus capital at home.

The stoppage of the interest might cause some unemployment. The unemployed from this cause would also have to be drafted into new industries. There would be heaps of room for them, too.

What a dreadful calamity in the eyes of a Free Trader! Reduced exports and reduced imports! Red ruin! But every Socialist knows that the total wealth of the country would be *greater* and the total well-being and happiness immeasurably greater. A few Free Traders would be less rich, but *the nation* would be much richer than before.

Now, this change in production would involve Protection, and some steps towards Socialism. We could not ensure a comfortable living for all our people if we permitted foreigners to dump cheap goods at *their* sweet will. Free Trade would be impossible.

High prices! High rents! Trusts! Reduction of production! Nonsense! A people enlightened and strong enough to obtain fair distribution would be strong and wise enough to prevent anything of the kind.

Socialism involves Protection. Socialism *is* Protection in perfection. And I contend that no great advance towards Socialism can take place without the protection of our industries from foreign Competition.

I cannot understand how any Socialist who has thought the matter out could come to any other conclusion. Retain Free Trade and Socialism can *never* be established. Under Protection it *might* be,

III.—The “Cheapness” Delusion

ANOTHER delusion grows out of the wealth and abundance delusion.

The Free Trader tells us that by opening our ports to the world we get food and other things “cheap.”

“We” get cheap food. But who are “we”? Are “we” “mankind”?

Far from mankind enjoying cheap food, millions of our own Free Trade citizens do not enjoy cheap food or cheap anything.

What is cheapness? We get cheap bread, a farthing or a halfpenny a loaf cheaper, by importing foreign wheat; but, as Robert Blatchford asked in “Merrie England,” what do we lose?

Our agriculture is half ruined, but the artisan gets cheap bread. Glory be. Hundreds of thousands are driven from the land, but American beef is a penny cheaper than British. Hurrah! And this is Free Trade, which showers abundance on “mankind”!

The Chartists were not deceived by this “cheapness” fallacy. Why do the workers of to-day allow themselves to be misled by such manifest quackery?

“Cheapness” is a relative term. A fivepenny loaf is cheaper than a sixpenny loaf to a man who can pay either price.

But is a fivepenny loaf cheap to a man with

fourpence? Is it cheap to a man with nothing at all?

The Free Trader tells us that cheapness is an advantage to the consumer, and as we are all consumers, “cheapness” is a benefit to everybody.

Is that true? No; for before a man can become a consumer he must be a producer, or he must take from a producer part of his earnings in the form of rent, interest, or profits.

If he cannot get work he cannot produce. If he cannot produce he cannot consume, because he has no wages.

Does Free Trade give every man the opportunity to produce? On the contrary, Free Trade denies the right to work and gives the power to provide employment into the hands of the few landlords and capitalists. Free Trade says, “Employ whom you like, and exchange goods with whom you like. Do business with a foreigner in preference to a fellow citizen if it pay you.”

What nonsense it is, then, for Free Traders to talk about cheapness being a benefit to all because it may be a benefit to *the* consumer.

Again, supposing a man to obtain employment under Free Trade, does it follow that his consuming powers will be adequate to his needs?

The answer is that we have twelve million people who cannot earn enough under Free Trade to keep them in mere physical fitness.

What is the use of cheapness to a man who has not the consuming power—the money—to buy enough food to keep him in health?

Cheapness benefits the consumer. Yes, if he has consuming power—money. But Free Trade does not provide that consuming power for *all*. It never could do, and it never was the aim of the Free

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Traders to do so. What their objects really were is exposed in a short but illuminating paragraph in Morley's "Life of Cobden," Vol. I., pages 141 and 142. He says:

The backbone of the discussion in its strictly local aspect was in the question which Cobden and his friends at this time kept incessantly asking. With a population increasing at the rate of a thousand souls a day, how can wages be kept up, unless there be constantly increasing markets found for the employment of labour; and how can foreign countries buy our manufactures, unless we take in return their corn, timber, or whatever else they are able to produce? Apart, moreover, from increase of population, is it not clear that if capitalists were free to exchange their productions for the corn of other countries, the workmen would have abundant employment at enhanced wages? A still more formidable argument even than these lay in the mouths of the petitioners. They boldly charged Parliament with fostering the rivalry of foreign competitors, and the charge could not be answered by denying to America and to Germany the liberty of exchanging their surplus food for our manufactures; the English legislature had actually forced America and Germany to divert their resources from the production of food, in order to satisfy their natural demand for manufactures. It was the Corn Laws which nursed Foreign Competition into full vitality.

We cannot blame the manufacturers for not being Socialists, but we are entitled to deny their claim that Free Trade was bound to result in "abundant Employment" at "enhanced wages."

The Free Traders were not fighting for the benefit of the nation. They were fighting for their own benefit.

The true remedy for the evils of the time was Socialism. But the Free Traders wanted Socialism as little as the landlords, and their remedy was simply a change of tyrants. Instead of landlord capitalists, manufacturing capitalists are now the top dogs.

It was easier and more profitable for them to obtain Free Trade, to find employment for German and American food growers, than to establish Socialism and organise food-growing at home. Which was possible then as it is possible to-day, with a larger population.

British manufacturers were practically supreme. They could supply the world. Why should they trouble about the ruin of agriculture? Why should they waste time in trying to teach the greedy land-owners their duty to *the nation*? It was wealth they wanted. The well-being of the whole people was a very remote consideration.

Germany and America were at that time prepared to send food to Great Britain. They could not supply themselves with manufactures so cheaply as they could buy them from British manufacturers.

The German and American consumers gained by the exchange. But at whose expense? At the expense of British farmers and agricultural labourers.

Some British capitalists gained largely. *Some* British workers gained—a little. But the nation as a whole has *not* gained by Free Trade, for none of the workers who have gained a little have gained so much as they would have done under Socialism.

And what the workers have gained has been due to anti-Free Trade legislation. It has been won in the teeth of the advocates of Free Trade. Cobden was a bitter opponent of Trade Unionism. John Bright was a bitter opponent of Factory Laws. The advocates of Free Trade wanted cheap labour and resented the attempts of the workers to protect their standard of life. But the trade unionists knew that “cheap” labour, that is, low wages,

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could not possibly be counterbalanced by cheap food and other cheap goods. Low wages meant starvation and deterioration. If Free Trade had been carried out as its founders desired, the working classes would have been destroyed in a couple of generations.

IV.—The “Good Trade” Delusion

SINCE the abolition of the Corn Law “Trade” in the United Kingdom has increased by leaps and bounds. This fact has misled many people. They are told by Free Traders that the cause of the leaps and bounds is Free Trade, and they are led to believe that if trade is free to leap and bound it will, in time, bring prosperity to all.

But Trade increased by leaps and bounds before the Free Trade era. Trade increased by leaps and bounds between 1815 and 1846, both home and foreign trade.

We need not go back a couple of generations in order to refute this fallacy. We need only study the trade returns of Germany and the United States for the last ten years. What do these returns teach us?

They prove conclusively that leaping and bounding trade is possible under Protection.

When the Free Trader is cornered by these facts he tries to minimise their effect by using that last resort of disgruntled controversialists. He says the progress of Germany and America has been made “in spite of” Protection. They would have done much better under Free Trade!

Now, owing to our long start in the industrial race, our foreign trade has so far been the largest in the world, and many people seem to think that if we keep on enlarging that trade we shall some

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day do enough trade to find employment and fair wages for the whole population.

This is another delusion.

Good trade, home or foreign, never can provide wealth and employment for the whole people, either under Free Trade or Capitalist Protection.

If it were true that Good Trade was a cure for Poverty and Unemployment, those evils ought to have been abolished a generation since.

Why cannot Good Trade solve the unemployed and poverty problem?

Consider the position under Free Trade. The land and capital of the country are owned by the few. These few employ workers to produce certain goods.

What workers? What goods?

The workers required to produce the goods which bring in the highest profits for the owners of land and capital.

Do those employed include all those who want work?

No. The capitalist sees profit in a certain line of action. He takes that line. It involves the employment of a number of workers. But the men and women who are not needed by the capitalist—what of them?

They are "Free" to starve, because what is good for the individual must be good for the nation, and what pays the individual capitalist must pay the nation. So that the starvation of the Unemployed must pay the nation. That is Free Trade doctrine.

But might not the interest of the capitalists be served best by employing *all* the people who desired to work?

No.

Why not? Because under free Competition,

which Free Trade involves, Capitalists compete with each other, and it is always to the interest of one Capitalist to drive another out of trade. So this pleasant custom must continuously cause unemployment. The Free Trade term is “temporary dislocation.”

It is clear, then, that under Free Trade “Good Trade” can never cure the evils of poverty and unemployment.

As Trade grows population grows. But although Trade grows quicker than population, it never catches up with unemployment and poverty.

It never can: because the same causes are at work when trade is large as when trade is small; and the same results inevitably follow.

Employers pursue their individual interests. They exchange products with foreigners rather than Britishers, if it *pays*. They take an unfair share of the wealth produced, and export the surplus abroad. They compete with each other.

All these activities cause unemployment, and all these activities are essential to Free Trade.

Another form of this Good Trade fallacy is the “export per head” or “the total foreign trade per head” argument.

Free Traders tell us that Free Trade must be a better policy than Protection because the value of our exports per head of the population is greater than that of any other country.

Here again I have to ask, “Better for whom?” And here again I have to answer, “Better for those who profit by the exports.”

Do the whole people gain by our enormous foreign trade? Is a large foreign trade per head a proof that the whole people are wealthy and happy?

The argument is mere bluff. What is the use of

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a foreign trade of £25 per head to the man who cannot get an opportunity to earn £20 a year? We have twenty million poor, and twelve millions on the verge of starvation; and we are asked to shout for the blessings of Free Trade and "the greatest amount of foreign trade per head in the world."

A country without *any* foreign trade at all might be wealthier than one with £100 per head of foreign trade. Taken alone, the foreign trade test is entirely fallacious. A man who produces £500 of corn a year and exchanges it for home-grown meat is as wealthy as the man who produces £500 of corn at home and exchanges £100 of it for foreign meat and £400 for home-grown. One has no foreign trade, the other has "£100 per head exports."

Far from Good Trade being a cure for poverty and unemployment, it is, on the contrary, a *cause* of poverty and unemployment.

Under present conditions, Good Trade is always followed by Bad Trade. Why?

It must be so under Free Trade. Free Trade says that a capitalist must be free to produce what he likes and to sell to whom he likes.

What is the result? Take, for example, a cotton Capitalist. His machinery will easily meet the demand at home and provide a large surplus. He must then find markets abroad.

He does so. He sells his stock, and prospects look bright. He then lays down more plant, and such is the productive power of modern machinery that he soon catches up with the increased demand, home and foreign. He finds he can produce more than he can sell.

What is the result? Short time, unemployment, low wages, misery for the workers. The capitalist is all right. He can wait. He shouts for new

markets. He gulls the working people with this cry. That is the remedy for unemployment, he tells them.

To get the new markets we—“WE,” the nation—are sometimes plunged into a “little” war. We slaughter a few thousand wicked cannibals and teach the survivors to wear cotton. Trade revives. Good Times come again, and the workers forget their past sufferings.

But why do they not think of their children and try to save them from similar miseries? Ah, why, indeed?

This lop-sided development of industry is inevitable under Free Trade. It is the result of permitting the individual to “do what he likes with his own.” Does it benefit the nation?

Suppose a nation required £50 millions worth of cotton goods to supply all the needs of the people. Would you not think the people mad if they produced £100 millions worth and then stood about unemployed and starving for want of food? A sane people acting together as a *nation* would produce £50 millions worth with a smaller staff and less capital, and employ the remainder of the people in the production of food.

We are like the mad nation. We produce £100 millions worth of cotton goods. We send the bulk of it abroad, and our own people cannot buy enough cotton for decency. In exchange for the cotton sent abroad we get foreign goods, but only for part of it, because some cotton sold abroad is the profits of capitalists who invest part of their capital abroad.

That is to say, part of the product of the cotton workers is sent abroad to find work for foreigners, while the unemployed are tramping our streets begging.

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A sane nation would produce enough cotton goods for its own people, with regular employment at fair wages, and instead of building more and more cotton mills and wasting blood and money in finding new markets, it would employ its surplus capital and labour in other industries useful to its own people.

Steps towards this end would involve Protection. We could not organise the cotton industry so as to give all the workers fair wages without protecting them against competition at home, and it would be useless and absurd to protect them against home competition if we left them open to foreign attack.

Socialism, regulation of the national resources for the benefit of our own people, *must* involve Protection.

I have used the cotton industry as an illustration. But the argument applies to other industries. Free Trade causes a lop-sided development of industry entirely in the interests of the few. We produce too much cotton, steel, coal, woollen and other goods, because this pays the Free Trade capitalists. We produce too little of the things required to provide a decent existence for the mass of the people.

Free Trade Socialists will tell me that all these evils may and do occur in home trade. If we did no foreign trade at all our capitalists would develop industries in the same lop-sided way. They would over-produce. They would compete with each other, and the workers would suffer just the same.

I do not deny this. I do not say that Protection from foreign competition is a cure for all our ills. No one who has read "My Right to Work" or followed my writings in the *Clarion* could fall into

the mistake of supposing that I am ignorant of the other causes of unemployment.

But to say that if our industries were Protected against foreign competition unemployment and poverty might still exist is no argument against Protection.

It is an argument for more Socialism. And Socialism includes Protection.

Show me a country with no foreign trade, and I will show you a country where Socialism could be established in half the time it could be established in a Free Trade country, other things being equal.

Free Trade is the enemy. Protect the resources of your country, even in the interests of the landlords and capitalists, and you may have a chance to establish Socialism.

Permit Free Traders to develop such industries as pay *them* for the time being, and you place your chance of establishing Socialism at the mercy of foreigners. Allow Free Traders to play ducks and drakes with the natural resources of the country, and while you are converting the people to Socialism foreigners may have stolen your resources from you.

How can you establish Socialism if foreign competition has robbed you of your staple industries or compelled you to let your land fall into ruin, or attracted your best brawn and muscle and brains abroad?

All these injuries are possible under Free Trade. Our manufacturers were supreme when Free Trade was established. They had no rivals worth mentioning. Consequently Free Trade paid them handsomely.

But this supremacy has to-day been challenged. Behind their Tariff walls other nations have developed their national resources. The time may

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come when our manufacturers' supremacy will have vanished.

Just as our manufacturers laid the world under tribute for a time, so our new rivals may attack our industries. If the United States could supply us with all our boots at 6d. a pair cheaper, ought we to permit it in the name of Free Trade and allow the half-ruined capitalists to scrap their machinery and divert what of their capital would be left into some new channel, and what workers did not obtain nice new employment (making penny toys, perhaps) to emigrate or starve? Would that be sense or Socialism?

That is not what Germany or the United States or France would do. They would put up the Tariff wall quick. You can Socialise the means of production when they are *there*, but how can you Socialise scrapped machinery and organise the unemployed who have lost the work for which they have a special aptitude through foreign competition?

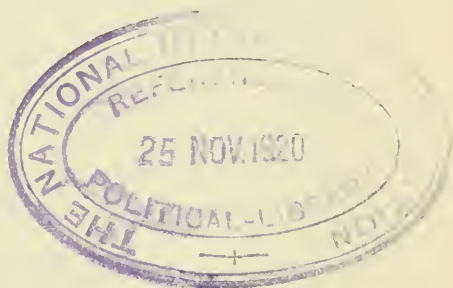
I am not concerned for our Free Trade manufacturers. They will shout for Protection quick enough when they find themselves in danger. I am anxious about the orderly development of our national resources for the benefit of the whole people. I am quite certain that we cannot ensure employment for our people without such orderly development. We want a scientific organisation of industry for national ends.

And I contend that no great advance can be made in this direction without resorting to Protection.

Free Trade and Socialism is *impossible*. Even if none of our Free Trade industries was in danger, Protection would still be necessary if we wished to establish Socialism.

You cannot have Socialism with a lop-sided

development of industry. Consequently the “greater wealth” under Free Trade argument has no effect on a Socialist who understands his Socialism. The lop-sided development of industry can be remedied under Protection. Under Free Trade never.



V.—The “Taxation” Delusion

THE reader will remember that in an earlier chapter I quoted a passage from Morley’s “Life of Cobden,” condensing the early Free Trade case, which asserted that the opening of our ports to the corn of other countries would enable the capitalists to provide “abundant employment” at “enhanced wages” for our increasing population.

How has that prediction been fulfilled?

After sixty years of Free Trade we have twelve millions on the verge of starvation, twenty million poor, thirty-nine million poor.

These facts are a withering commentary on the false hopes raised by the protagonists of Free Trade.

The irony of the contrast between promise and performance is vividly expressed in that common Free Trade appeal of to-day, “Do not tax the people’s food.”

Is not this an extraordinary argument to be put forward in support of Free Trade? What does it imply?

It implies that under Free Trade the mass of the people are poor. Too poor to stand the strain of an extra expenditure of threepence, sixpence, or a shilling a week.

After telling us that Free Trade means universal prosperity, after telling us that Free Trade enables a *nation* to procure abundance of goods at the

cheapest possible price, after sixty years of “cheapness,” we are implored not to tax imports because the *people* cannot afford to pay out a paltry shilling or two a week extra, because “a tax on food” would cause starvation amongst the masses in a Free Trade country containing enormous natural resources.

This Pecksniffian argument contains its own refutation. If the masses are poor, then Free Trade is a fraud. The promises of its founders have not been fulfilled. How can a nation be prosperous if the majority of its people cannot afford to pay a call of a shilling or two a week in an emergency?

And the Free Traders are right. The masses cannot afford to pay more for anything.

But the Free Traders are wrong when they assert that the taxation of imports or the prohibition of foreign goods *must* be a bad thing for the *nation*.

The Free Traders are wrong when they assert that a tax on imports must make the poor poorer.

We are told that a tax on imports enables the home producer to raise his prices, and that this must be a burden on the consumer. Let us see.

If foreign gramophones at a sovereign are taxed 1s., then the consumer may have to pay 21s. for the home and foreign article. Or the home producer may sell at 20s. 6d. and so keep the foreign gramophone out altogether.

Is the extra 6d. paid by the consumer necessarily a robbery of the consumer—an unfair tax?

The Free Trader assures us that it must be. But how can a Socialist be deluded by this mere “cheapness” argument?

Under Capitalism it may be perfectly true that some taxes of this kind only benefit the home capitalist.

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But is it a crime to benefit our fellow-countryman? Suppose he needs our help. Suppose his living depends on his selling gramophones at 20s. 6d. What ought we to do?

The Free Trader says: "Let him starve if he can't sell gramophones at £1. I can buy from abroad for £1. If the home producer can't make them at the same price he is inefficient. He is not working at the industry he is fitted for. Let him give up gramophone making and 'divert' his capital and labour into some new channel."

Beautiful. The individual consumer saves 6d. The gramophone maker tries to find a new channel. He may be lucky. He may *not*. If he is not lucky his "new channel" may resolve itself into picking up a precarious living from the full dust-bins of the users of foreign gramophones. But what matter? He has found his "natural" occupation. And that is the object of Free Trade. Imports are up. Exports are up. Free Trade is vindicated.

The consumer, the buyer of £1 gramophones, has saved sixpence. But does it follow that the sixpence will be all gain?

By no means. If the British gramophone maker is ruined by the foreign competition, and if he does *not* find a new channel, he will come on the rates, and may cost the self-satisfied Free Trader many sixpences.

Of course, the British gramophone maker may find a better channel than gramophones. He may strike oil, or fountain-pens, or skating rinks. Then the Free Trader can chortle. Benefits of free competition and open ports! But *is it always so? Must it be so?*

There are twenty million poor and twelve millions on the verge of starvation. Millions have been

forced to emigrate. After sixty years of Free Trade. And there are *always* the unemployed.

The Free Trade fallacy is in the assumption that a cheaper foreign import *must* be good for the *nation*, because it is an immediate gain to the individual consumer.

If the cheapness of the foreign import is due to greater foreign efficiency, if the cheapness is due to better foreign natural resources, if the cheapness is due merely to the desire of a foreign capitalist to grab the British trade—it is all one to the Free Trader. It is good *because it is* cheapness.

How the cheapness was caused; that does not trouble him. What the effect will be on his fellow-countrymen who may *suffer* and *not* gain by the cheapness; that is not *his* concern. Everyone for himself. What is good for *any* individual *must* be good for the nation. What is good for the consumer *must* be good for the nation, because we are all consumers!

“Don’t tax foreign imports! Think of the poor!” That Socialists have used this despicable argument is evidence of the tenacity of delusions fostered by the Free Trade environment in which most of us were born and bred.

Now, even under Capitalist Protection it is not true that a tax on imports *must* be worse for the individual consumer than free imports, and certainly it does not follow that a tax on imports must be worse for the *nation* than free imports.

If a tax on imports shuts out the foreign goods, it may enable the home producer to get higher prices, but they need not necessarily be unfair or oppressive prices. The capitalist may gain more, but the workers employed by him are, at any rate, *in* employment and not on the rates, and that fact may

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counter-balance the loss suffered by the consumers owing to higher prices.

The Free Trader assumes that a tax must always be a loss to the payer of the tax. It never enters into his mind that a loss may be balanced by a gain; that a loss may, indeed, be the cause of a gain.

That is because the Free Trader looks at affairs from the point of view of the *individual*. And because he takes short views even from that standpoint.

The Free Trader pretends to be much concerned about the poor. He would defend the poor against higher prices, higher rents, Trusts, and monopolies.

But if a man has *no* employment he cannot pay low prices. He cannot buy *at all*. If his wages are very low, cheapness is a mockery.

When an industry is protected against foreign competition prices may be high and Trusts may oppress consumers and workers. But why?

Because the consumers and the workers do not take the trouble to control the Trusts. They do not suffer because there is no industry, but because the industry is not properly organised and because the profits are not fairly distributed.

If you have got an industry in the country, you can deal with the Trust oppressors just as soon as you make up your minds to do so. If you have not got the industry in the country, if you have lost it to the foreigner, you can do nothing.

Under Free Trade it is possible for half the nation to be unemployed and the other half employed in exchanging "cheap" goods with foreign traders for the benefit of "the consumer."

What benefit would the cheapness be to the unemployed half of the nation?

I contend that our first duty is to employ our own people. I contend that it is cheaper and wiser to pay a little more for a home-made article and so keep in employment our own people, than to pay less for foreign goods and by so doing throw a number of our own people out of employment.

The Free Trader would allow the cheap imports to come in, whatever the cause of the cheapness and whatever its results.

Now it is always possible in a Free Trade country that *some* of the unemployment is due, directly or indirectly, to foreign competition.

If the Free Trade nation is very strong in all industries common to the nations with which it exchanges it may not suffer at all. In the early days of Free Trade our manufacturers were supreme. They had nothing to fear, but free ports always left them open to attack. Our agricultural industry was not strong and has consequently been half ruined.

What is the Free Trade remedy for the unemployment caused by foreign competition?

Diversion of the beaten capital and labour into “new channels,” which may be bad or good for the nation. Social Reform.

As regards the first we can only judge of its effects broadly by considering the general conditions of the people. Are the masses prosperous under Free Trade? On the contrary. It is only in a few special industries that the workers can obtain a living wage, and that is not a *certainty*. Millions of our people have been compelled to emigrate. We have twelve millions on the verge of starvation. The lop-sided development of industry involved by Free Trade does not seem to have diverted capital and labour into very profitable channels. Does it?

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Then we have the Liberal Free Trade remedy of Social Reform. What does this mean?

It means that the whole people are to pay taxes in order to compensate those lucky members of the Free Trade industries who are periodically thrown out of work by this glorious system. Then a few thousand acres are to be granted to small holders in order to "revive" our agriculture. The Poor Law is to be reformed—some day, and—that is about all.

This Social Reform programme is mere bluff. It is not meant to reform. It would collapse if it did succeed, because a genuine measure of social reform must strike at the roots of Free Trade, and the Free Trade leaders do not wish to commit suicide. Some Socialists seem to have been dazzled by this "New" Liberal Free Trade mirage. Taxation of land values and unearned incomes? Surely these are real reformers!

If the Liberal Free Traders would only add the Right to Work to their programme they would sweep the Free Trade Socialists into their net *en bloc*.

But what a delusion all this Social Reform business is and is meant to be!

The Liberal Free Traders will not admit the Right to Work, and certainly will never grant it as Socialists desire it. Such a Right would sap the very foundations of Free Trade.

Socialists ought to see that the kind of Right to Work that might be granted by Liberal Free Traders would simply mean national industries (of a kind) for keeping a reserve of men and women in "condition" for the Free Trade industries when trade was flourishing.

Free Trade *and* the Right to Work can result in nothing else. To support Free Trade as a *quid pro*

quo for the Right to Work would be playing into the hands of Free Traders, buttressing a system we are pledged by our principles to destroy.

We can never build up Socialism on that foundation. We should play at road-making and afforestation with the wastrels and the unemployed, and that is about all.

We cannot go far on the road to Socialism without reorganising our industries. To imagine that Socialism could be established on money derived from the taxation of unearned incomes is a vain dream.

To tackle the problem of Socialism in earnest we should have to deal with the *Employed*. We should have to organise the employed differently. We should have to produce the goods required to satisfy the normal needs of all the people. And to do this we should have to cut off some of our lop-sided Free Trade export industries and Protect our home industries against foreign competition.

During the transition to Socialism we should find it necessary to put up tariff walls.

What about the poor consumer? What about the prosperous twelve million Free Traders who cannot earn enough to keep their bodies in health? How our wealthy philanthropic Free Traders would thrill with indignation at the wicked Socialists who proposed to build Tariff walls in order to starve the poor!

But the wicked Socialists would not be turned from their purpose by such arguments. The wicked Socialists would build Tariff walls. But they would at the same time *build up wages* and organise our industries for the benefit of the *nation*.

The Free Trade argument that it is wicked to put taxes on imports because the taxes would fall on the

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poor would have no meaning for a Socialist Government.

There would not be any poor. At any rate, no one would have to pay such a tax if paying it would reduce his wages below a living minimum.

The idea fostered by Free Traders that import taxes *must* be bad for the consumer, and therefore bad for the nation, leads naturally to the claim that taxation under Free Trade is *not* oppressive to the consumer.

What is the position in our own country? Are the poor—those poor so pitied by the Free Traders—are they lightly taxed under Free Trade? Are they fairly taxed?

We have twenty million poor who ought to be paying no taxes at all. But they are paying taxes. In our Free Trade country the poor are very heavily and very unfairly taxed.

What you pay in taxes matters little so long as you can afford to pay the taxes. *No* tax ought to be a "burden."

What are taxes? Payment for national services. Exactly. *Services*. In return for your tax you get a service of some kind. And if the taxes are fairly levied you get as near as is possible to an equivalent for your money.

Taxes are only a burden when they are unfairly levied. Free Traders may say that the unfair imposition of taxation is not the fault of Free Trade. But it is the fault of Free Traders. How many years have the Free Traders been in power since 1846? Dozens of years; yet the last Liberal Government, the strongest Government of modern times, *added* millions to the unfair burden of taxation on the poor.

Free Traders sometimes congratulate the workers

on our freedom from Trusts. “See what an advantage our open ports are. In the free air of England the Trust monopolists can never raise their horrid heads and live. Let a Trust try to monopolise an industry in our country, let a Trust try to raise prices, and we can always depend on Foreign Competition bringing the Trust to its senses. Hurrah for Free Trade!”

Hurrah for flap-doodle! It is not true that Trusts cannot flourish under Free Trade. There are scores and scores of Trusts in Free Trade England. It is not true that Trusts can only be combated by Foreign Competition.

We can deal with Trusts ourselves as soon as we want to do. We can nationalise them.

We can prevent unfair taxation through high prices when we want to do. We can rearrange the taxes.

Foreign Competition may keep down some prices, but in so doing it finds work for foreigners. We want first to find employment for our own people. We can do it under Protection if we put enough Socialism into it.

But we cannot find work and good wages for the twenty million poor under Free Trade. Never.

VI.—The “Peace” Delusion

WE are constantly told by Free Traders that Protection makes for war and national antagonism, and that Free Trade makes for peace and international friendship.

“Establish universal Free Trade and the navies of the world might be melted down into statues to eminent Free Traders. Establish universal Free Trade and our swords might be turned into reaping hooks. Establish universal Free Trade and an era of world peace would follow as the night the day.” Such is the common belief.

“Is it not self-evident that if nations devoted themselves to the production of those commodities for which their natural resources and talents best fit them, and exchanged their products for goods which other nations are best fitted to produce, the whole world would benefit? What occasion would there be for wars and national jealousies? Wars are caused by misunderstanding of the laws of production and commerce. If all nations were free to produce what goods they chose and to exchange their products freely, war would become impossible.”

Far from the truth of these propositions being self-evident, what is self-evident is the fact that they are based on a delusion.

Many eminent Free Traders are strenuous

advocates of Peace and international friendship. How have they managed to persuade themselves that Free Trade must necessarily make for Peace?

I think we shall find on investigation that they have gone wrong just as the advocates of Individualism went wrong when they assumed that “what is good for the individual must be good for the nation.”

This fallacy runs all through Free Trade arguments. It is always assumed that “the nation” trades. That “the nation” reaps the benefits of foreign trade. That “the nation” gains by the cheapness of foreign imports.

I think I have already made it sufficiently clear that “the nation” does not necessarily benefit by foreign trade. “The nation” does not necessarily benefit from cheap imports. “The nation” does not trade as a nation. Individuals trade, and the individual may benefit at the expense of other individuals in the nation.

The ardent Free Trade devotee of Peace always forgets these facts. He pictures in his mind a world of “nations” trading. But what is the reality? The reality is very different and must necessarily be different.

What the Free Trade advocate of Peace pictures in his mind is an impossibility under Free Trade, for the basic principle of Free Trade demands that “individuals” not “nations,” individuals, shall be free to produce and exchange with whom they like.

If, then, all the nations adopted Free Trade, what would happen?

Would the “nations” exchange their goods peacefully, and would all mankind enjoy abundance?

On the contrary, universal Free Trade would

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produce more jealousy, more rivalry, more war, than universal Protection.

We know how terrible the results of home competition may be. But the sufferings caused by internal competition would be nothing compared with the suffering that would be caused if the gigantic combinations or Trusts of one or two countries set out to destroy the competition, in their particular trade, in all other countries.

Under universal Free Trade they would be free to do it. And as a matter of fact the object of the Free Traders of 1840 was very similar. They wanted to crush out such manufacturing competition as had already reared its head in foreign countries, and they wanted to make England "the workshop of the world."

But the other nations would not be gulled by these universal Peace and benefit of Free Trade theories. They put up their tariff walls and built up behind them manufacturing industries of their own.

Some of them have by these means been enabled to rival our own powers. Were they wise or foolish?

How *could* universal competition breed Peace? The Free Trade advocate dreaming of universal Peace always leaves out of the picture the most essential principle of the Free Trade system. That is the freedom of individual competition.

When the Free Trade advocate of Peace thinks of the growth of international friendship being fostered by international exchange of products, he always has in his mind exchanges which are *mutually advantageous*.

But all foreign exchanges are not mutually advantageous to *the nations*. If a Briton can produce corn cheaper than wine, and a Frenchman can

produce wine cheaper than corn, they would be wise to exchange. The economic gain would be *mutual*. But it does not follow that what would benefit those two individuals must necessarily benefit the *two nations*.

The individual Briton might want wine, but the British nation might need some other product more urgently. Instead of exporting corn for wine the British “nation” might flourish more by keeping that corn in the country and feeding and finding work for unemployed Britons.

Free Trade says “No. What is good for the individual *must* be good for the nation.”

Now, if the British “nation,” trading as a “nation,” exchanged corn for French wine, both nations would gain. And the individuals in both nations would gain. But for “nations” to trade is contrary to the basic principle of Free Trade.

What about the freedom of competition? Are all exchanges, home and foreign, beneficial to all producers, or would-be producers?

A grows corn and exchanges with B for coal. Very well.

Suppose C grows corn and *competes* with A for B’s coal. Suppose C wins the trade. Do you call that a condition of Peace?

C’s corn may be cheaper or better than A’s. The competition may be “fair” competition. But it may not be fair competition. C may win the trade by possession of privileges not due to his own talent. He may have a bigger capital, or better land than A, or he may reduce his price in order to crush a rival.

Whatever the cause of C’s triumph, A suffers, but the corn trade is still in the country.

Now, if instead of losing his trade to a fellow-

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countryman A loses it to F, a foreigner, is the foreign trade of corn and coal between F, a foreigner, and B, a Britisher, a benefit to "the nation"? What about A? *Must* the exchange necessarily tend to international friendship and Peace?

What would A say?

Multiply such competitive transactions by millions and you will have a dim idea of the chaos and rivalry and jealousy which would prevail under universal Free Trade, that is, universal competition.

Far from stimulating international friendship and abolishing wars, universal Free Trade would plunge the nations into quarrels and antagonisms, and inevitably lead to the oppression of the weaker peoples by the stronger.

Had our manufacturers achieved their object in 1846, had the other nations adopted Free Trade, England might have become the workshop of the world, and Great Britain might have ruled three Continents, for a time. But their success would have led eventually to the revolt of the subject nations, and although we have had wars enough and to spare during the last sixty years, universal Free Trade would have drowned the world in blood.

Now that other nations have almost drawn level with us in wealth and productive power, the adoption of Free Trade by all nations to-day would lead to ruthless competition. It would be a fight to the death between the big capitalists and the little capitalists, and the national animosities that would be fostered and fed by interested profit-hunters would inevitably lead to quarrels and wars. Universal Free Trade never could usher in Peace. It is a dream based on a delusion.

If the nations organised their own industries and

exchanged the products they are best fitted to produce for the products that can be produced cheaper by other nations, international friendship would be founded on a sane and secure basis. The products exchanged would not, under such conditions, *compete* with each other. Great Britain might exchange corn for wine, but she would not permit foreign corn growers to rob some of her population of their living because foreign corn happened to be a farthing a loaf cheaper than home-grown. The exchanges would be of *mutual benefit*, and each nation would take care that none of its own people was injured.

Such conditions can never be realised until the nations manage their business on national common-sense lines—that is, Socialist lines. Free Trade is the opposite of Socialism, and the belief that universal Peace can be established by Free Trade or furthered by Free Trade, is a gross delusion.

If Free Traders want evidence in proof of my contention that Free Trade is a cause of War rather than a cause of Peace, they have only to study the history of their own country since 1846, particularly during the last forty years. Has Free Trade kept us free from wars?

On the contrary, since Free Trade was firmly established we have seldom been at peace with the whole world for a single year. Free Traders may deny that these wars, “little” wars, most of them, have been caused by our Free Trade system, but I beg leave to differ from them.

I maintain that most of the “little wars,” and some of the big wars in which we have been involved, have been due, some directly and some indirectly, to the influence of Free Trade on the national policy.

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Between 1870 and 1898 we added to the Empire territories in Asia and Africa measuring nearly five million square miles. For what reason?

Whatever the reasons and excuses publicly given, every intelligent person knows that the driving force behind these Imperialising activities has been the supposed necessity of obtaining new markets for our Free Trade industries. We have slaughtered hundreds and thousands of "savages" for the sole purpose of obtaining new markets for our cheap manufactures. To "find employment" at "good wages" for our "increasing population."

How often, in "bad times," have the working classes been told that the one panacea for all our evils was "new markets"? Twenty-five years ago a Royal Commission on Depression in Trade reported that one of the causes of the depression was "over-production"! The mills, mines, and factories produced wealth in such abundance that people were starving. And what was the remedy? New markets.

Well, we found the new markets. Have the new markets solved the problem of unemployment? Have they provided those "enhanced" wages?

The answer is in our Blue Books and in the books of social investigators, some of their authors being eminent Free Trade advocates of Peace. We have twelve millions on the verge of starvation, twenty million very poor, and thirty-nine million poor!

What rivers of blood have been shed in the attempt to float the ark of universal Peace! South Africa, Central Africa, East Africa, West Africa, China, Burmah, all over the world we have opened new markets at the point of the bayonet in the name of Peace and Free Trade. Are we any nearer to the

realisation of that dream than we were half a century ago?

By universal consent the world was never in such a state of unrest. Who can deny that Great Britain's pushful policy in search of new markets has contributed largely to the present warlike and suspicious attitude of the great European Powers, and the uprising of the Asiatic peoples?

The Free Trade system is bound to lead to international quarrels. The lop-sided development of industry under Free Trade forces the owners of the industries to open new markets. Their productive power is always ahead of the demands of their own people. *We* do not want more cotton, more steel, more bridges, more railway lines. But we have allowed our Free Trade capitalists to divert too much of the national energies into those channels, and while they are swollen to bursting point, the mass of the people lack the necessaries and the small comforts of life.

What else can be done to remedy Over-production (!) and unemployment except the opening of new markets? And if new markets cannot be opened by peaceful means, what alternative is there but to use the persuasive wedge of the bayonet? Under Free Trade nothing else can be done.

But, in the nature of things, there must some day be an end to this “new markets” method of dealing with our problem of employment. When the whole world is deluged with manufactures the excessive productive power of the manufacturing millions will have to be turned into other channels, or they will perish.

Why should we postpone true reform till that remote period? Why should the masses continue to be deluded by this impossible quack remedy?

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This opening of new markets would be absolutely unnecessary if the national industries were developed in an orderly manner so as to supply the normal requirements of the people. We do not need new foreign markets. The home market could absorb all the wealth we could produce, *if* the people who make the wealth were rewarded with a fair share of what they produce.

The true remedy will have to be tried some time in the future unless the peoples have previously been bereft of sense and science by the barbarous scramble for new markets.

That is the danger. The longer we delay the adoption of proper methods of production and distribution of wealth, methods suited to a civilised society, the less likelihood there is of succeeding in our object.

Under Free Trade such reforms are impossible. Over-production is the natural and inevitable result of the lop-sided development of industry. To remedy that lop-sided development, Organisation and Protection in the national interests are absolutely necessary.

There is another way in which Free Trade makes for War. I have shown how under this system it is impossible for the masses to obtain a fair share of the wealth produced, and how an unfair share is taken by the few owners of land and capital.

Now it is quite impossible for the few rich people to spend all their wealth on themselves. However extravagant their desires, however luxurious their tastes, they always have immense balances to their credit when making up their annual accounts.

Some of this surplus wealth is invested in home industries, but much of it is sent abroad for invest-

ment. These investments go abroad in the shape of goods.

“We” have £3,500 millions invested abroad.

WE.

“We,” who have twelve millions on the verge of starvation. “We,” who have twenty million very poor. “We,” who have thirty-nine million poor, and hosts of unemployed!

WE. Who are the “We”?

Free Traders tell us this foreign investment is a fine thing for the British *workers*. And fools believe it.

Apart from other evil results caused by the export of capital which would, under a sane system, be invested or consumed at home, there is one touching the Peace delusion very nearly.

Besides the search for new markets abroad for the *exchange* of goods, there has gone on during the last half century an equally earnest search for markets for *investment*. “We” have £3,500 millions invested abroad.

Now, the investing of this capital has undoubtedly been a factor in causing many of those “little wars” in which we have indulged for the good of humanity and civilisation.

We *must* have more openings. And when “we” have got the openings “our” interests must be protected. Which means navies and armies.

Do you notice that, however much the Peace Party talks about the wickedness of swollen Navy and Army Estimates, the opposition to their increase always dies out at the crucial moment?

All over the world “we” have investments which may bring us into collision with the capitalists of other nations, also seeking good investment soils.

We are the greatest investors, and that we are the

greatest investors is due largely to our Free Trade policy which permits and encourages the lop-sided development of industry that forces our manufacturers to find "new markets" abroad.

Wars and preparations for war are the natural result of Free Trade. Competition does not breed friendship, but enmity. By ignoring their own fundamental principle, the freedom of the *individual* to trade with whom he chooses, and by assuming that *all* exchanges must be advantageous to all other individuals, as well as *mutually advantageous* to the exchangers, Free Traders have persuaded themselves that universal Free Trade would make for universal Peace. That this belief is a delusion will be plain to any Free Trader who studies the facts of foreign trade and commerce, and the inner history of the wars of the last half century.

VII.—The “Foreign Investment” Delusion

VERY few people understand the full significance of “our” enormous foreign investments. The statistics are occasionally printed in the newspapers, and an after-dinner orator sometimes finds in them an excellent subject for rousing enthusiasm of the kind which is fed by mere vastness.

“Think, ladies and gentlemen, of the extent and value of our foreign investments. No other nation in the world can approach us in that respect within hundreds, or even thousands of millions of pounds. I learn on the authority of Mr. Paish, of the Royal Statistical Society, that ‘we’ have invested abroad the enormous sum of £3,500 millions. (Loud and prolonged cheers.) Three thousand five hundred millions! Is not that a fact of which we as a nation ought to be proud? What does it mean? Why have we invested these enormous sums in our colonies and in foreign countries? How have we been able to do it? The answer is, that we have been able to do it because we are the wealthiest—(cheers)—the wealthiest nation on earth. We have done it because we have had this surplus wealth to spare. (Hear, hear.) Because in our own industrious but tiny country, there is not enough scope for the investment of the wealth we produce in such lavish abundance. (Loud cheers.)”

There are twelve millions on the verge of

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starvation, twenty million very poor, and thirty-nine million poor, in this wealthy, industrious, tiny country, but an after-dinner orator cannot be expected to remember these facts if he has any regard for his digestive organs.

In recent years we have also heard Free Traders claiming "our" foreign investments as a beneficial result of our Free Trade system.

How do "our" foreign investments benefit the nation?

The Free Trader replies glibly, "Why, don't you see? All this surplus wealth exported abroad finds work in the first place for British workers. Then when it *is* invested abroad in the form of railways, machinery, and so on, it fosters the industries in which it is used, and enables the people of the foreign country to order *more* and *more* British goods, thus finding more and more employment for home workers."

This argument has actually been put forward on behalf of Free Trade in a Socialist organ, *The Labour Leader*, but it is only fair to say that before the editor accepted the argument, he asked for the opinion of a *Liberal Free Trade* political economist on the question, and adopted it!

Now, I do not go to Liberal Free Trade political economists for my views. I base my views on the principle of Socialism, and I assert without fear of contradiction that this defence of the export of capital is anti-Socialist. It is a defence of Free Trade, and Free Trade with Socialism is *impossible*.

Let us examine the Free Trade argument.

In the first place it asserts that "we" produce a surplus of wealth. How can any Socialist accept this statement?

We not only do not produce a surplus of wealth, we do not produce enough wealth to supply a decent existence for the population. We *could* do so. But the fact is, we do not.

How then can “we” export any surplus wealth as capital to be invested abroad?

Simply because, of the wealth produced, an unfair proportion is taken in rent, interest, and profits by the few, and these few, not being able to consume or use all their wealth at home, invest the surplus abroad.

Thus, to defend this export of capital is to defend the unfair distribution of the wealth produced. Is that defending Socialism?

It may be said that the unfair distribution of wealth is not peculiar to Free Trade countries. The American and German rich invest capital in foreign industries too; while there are many poor in both countries.

True. But I do not defend their export of so-called surplus wealth. If the people of Germany and America decided to distribute their wealth fairly before exporting any surplus, they would have to establish Socialism. The Socialist argument I am dealing with says our export is a good thing, *now*. Have we adopted Socialism *first*?

So much for the Free Trade Socialist. Now let us proceed to demolish the ordinary Free Trader’s argument.

The Free Trader accepts the present “free” competitive method of dividing the wealth produced, and therefore justifies the exporter of wealth for investing abroad. “The investor,” he says, “has a perfect right to do what he likes with his own.”

I have already pointed out the Socialist objection to this view. We do not believe that the wealth is

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fairly divided. If it were, there would be none (at present) to export abroad for investment.

Then the Free Trader goes further. He asserts that the export of capital for investment abroad is a good thing for the British people because it finds ever more and more employment for them.

We have twelve millions on the verge of starvation, twenty million very poor, thirty-nine million poor.

We have invested £3,500 millions of capital abroad.

Have you ever pondered on the vastness of this amount? Do you know how many people it would employ?

Let us suppose that an investment of £500 will find employment for one man only.

In £3,500 millions there are seven million "five hundred pounds."

So that, on this basis, "our" foreign investments would find employment for seven million men.

Now, when you remember that the number of our unemployed seldom reaches a million, you will see how ridiculous is the claim of the Free Traders that foreign investment is a good thing for home workers.

If our wealth were employed at home, and *fairly distributed* (this is essential) employment at fair wages could be found for all our people.

Instead of which, we have millions of badly paid workers, hundreds of thousands unemployed, and "we" find employment for at least seven million outsiders!

Is that Socialism? Is it common sense? Is it humane? Is it rational? Is it patriotic?

Is it a proof of the advantages of Free Trade?

Some Free Traders tell us that we *must* export

this surplus capital, because the industries of our own country are saturated with capital. There are not enough “openings” for profitable investment at home.

Consequently, to stop the export of the capital would involve the unemployment of the workers who are now employed in the production of the goods invested abroad.

This explanation may satisfy the Free Trader, the individualist who believes that a man has a right to do what he likes with his own, and to get as much for himself as possible, either by trading at home or abroad.

But even the Free Trader cannot reconcile these facts with his alleged desire to develop industry for the benefit of *the nation*.

Suppose the industries of the country are saturated with capital. Suppose we produce so much wealth year after year that it is impossible to find investment for it all at home. What is the reason for that state of things? How explain it when we know that at the same time that we have surplus capital for investment, millions are half starved and hundreds of thousands lack work?

The explanation is that the surplus capital is caused by the lop-sided development of industry due to Free Trade, and to the unfair division of the wealth produced under the Free Trade competitive system.

The lop-sided development of industries under Free Trade works in this way.

Suppose the capital required to produce all the steel needed by the people were £50 millions. Under a rational system the capital invested in the steel industry would be restricted to that amount.

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But under Free Trade the capitalists, owing to the lop-sided development of industry which Free Trade encourages, have, say, £75 millions invested in the steel industry. Consequently they produce more steel than the people require. The balance is exported.

Now, the capitalists get a large and unfair share of the wealth received in exchange for the steel manufactured. They have then still more capital to invest, and as the steel industry cannot absorb all the surplus, as the home industry is "saturated with capital," what cannot be invested at home is exported and invested abroad.

So that it may be true to say that *some* home industries are saturated with capital. But is it true that *all* home industries are saturated with capital?

It is grotesquely untrue. Far from all home industries being saturated with capital, many home industries could absorb millions and millions. There are "openings" by the score. Why are these openings not entered?

Because there is no one to buy the goods that would be produced if these starved industries were developed. Why is there no one to buy the goods that might be produced? Because the mass of the people are too poor to buy the things necessary for a decent existence.

Why are they so poor? Because the few take an unfair share of the wealth produced.

Why are the few able to take an unfair share of the wealth produced? Because Free Trade Individualism says that the system is the best possible system for the *nation*.

Give the people a fair share of the wealth produced, give them money wages sufficient to buy the goods necessary for a decent existence, and you will

then force capital into the home industries needed to supply the wants of the people.

The few rich want steel, ships, cotton, in order to sell or invest these goods abroad. The people, under a fair distribution, would require houses, clothes, furniture, etc.

So that a fair distribution would involve a radical change in our industries. It would involve the reduction of the lop-sided swollen industries, and the development of the shrunken industries needed to supply the wants of the people.

For example, we need hundreds of thousands of new, roomy, well-built houses. *That* industry is not “saturated with capital.” But instead of building them and housing the people decently, we herd them in slums and produce a surplus of steel, ships, and cotton, and export these goods abroad *for the benefit of the few rich.*

The Free Trade claim that “our” foreign investments are a benefit to the people of this country by providing employment for them is, then, another delusion.

Moreover, it ought to be plain even to Free Traders that foreign investments may cause unemployment or temporary dislocation of industry in the country from which the capital is exported.

“We” invest, say, £10 millions in Japan. This £10 millions goes to Japan in the form of machinery, ships, rails, and so on. The making of these goods finds employment, of course, for certain British workers.

But when exported, this capital finds work for foreigners, for the Japanese. Wages for working the machinery, the ships, and the railways are earned by Japanese, and out of these earnings

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interest at 5 per cent. is paid to the British capitalists who invested the capital in Japan.

Now this interest, which on £10 millions would amount to £500,000 a year, is either left abroad, and invested in other foreign industries, or it is sent to this country. If it comes to this country it must come in the form of goods or services.

Suppose it comes in the form of goods. These goods may be either raw material or manufactured articles.

The Free Trader says, "What a blessing! Five hundred thousand pounds per annum added to the wealth of *the nation*, a free gift from the foreigner."

Is it a blessing? Must it be a blessing?

Is it not possible that it may be a curse?

Under present conditions, yes.

Suppose you gain your living by supplying eggs and butter to a few well-to-do families. And suppose they all informed you one morning that they would not require any more from you, because they were going to receive these articles from abroad, in payment for interest on their foreign investments?

Would you think the foreign goods a blessing? Would you rave about the benefits of foreign investments?

But, says the Free Trader, it *is* a blessing after all. For the few families who now receive foreign food as interest on their investments will have in hand the money they used to pay for food to the British dairyman.

How nice! For *you*.

With this money in hand, the interest receivers will buy more motor cars, and so increase the employment in the motor car industry. Beautiful.

It is *so* easy for a dairyman to become a motor car maker!

There are other dangers in these enormous free gifts from foreign investments. But I have indicated sufficiently that the Free Trade claim that they must be an unmitigated benefit is a complete delusion.

VIII.—The “Imports and Employment” Delusion

PERHAPS the most tenacious of the many delusions which bolster up the false doctrine of Free Trade is the one I am about to demolish. This delusion, like most of the others, arises from the Free Trade habit of assuming that what benefits the individual *must* benefit the nation. And the “imports and employment” argument is so insidious and so apparently and obviously true that it will be necessary to grapple with it at length.

The argument crops up when Free Trade is on its defence. The Protectionist asserts that foreign imports may (or do) rob the home population of employment. That is to say, *some* imports may cause *some* unemployment.

What is the Free Trade reply? The Free Trader answers: “All trade is barter. For every £1 of imports coming into this country £1 of exports must be sent out. Goods (or services) pay for goods (or services). Therefore imports cannot and do not cause unemployment.”

The Protectionist says: “Stop the import of the foreign goods which cause unemployment, and you will provide more work for the home population.”

The Free Trader says: “The remedy is no remedy. For if you stop an import you thereby stop an export of equal value. Trade is barter,

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If £1 of imports is shut out, the workers who are now employed in making the £1 exports to pay for it will be thrown out of employment."

I have been told more than once that no "instructed" Free Trader denies that imports may cause *some* unemployment, and that in exposing this as a Free Trade fallacy I am whipping a dead horse. But the argument is constantly used by Free Trade orators. Even Mr. Asquith has used it quite recently, and if I am to judge by the frequency of its appearance in the Free Trade Press, I am justified in assuming that "instructed" Free Traders are few and far between.

For example, here is the argument as it appeared a short time since in that great organ of Free Trade, the *Daily News*:

That is the Tariff Theory, that under tariffs manufactures would be kept out and the corresponding goods would be manufactured at home thus providing work for British workers. The Free Trade theory (and the actual fact) is that imports are paid for by exports, and that work which imports imply is met by corresponding work on exports.

An equally authoritative Free Trade publication is the "Financial Reform Almanack." I quote the following from the 1909 issue, page 93:

The "moderate duty" on manufactured goods will not give any increase of employment; for if we thereby succeed in keeping out foreign goods we must also destroy the trade that is created by making goods to send in exchange.

It is clear that many "instructed" Free Traders do not know that the horse is a dead horse. They evidently look upon him as a flier. I will now proceed to turn him into sausage meat.

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The question we have to answer is: "Is it possible for imports to cause unemployment?" This question does not ask "Is it possible for imports to be the *sole* cause of *all* unemployment in our country?" What it asks is, "Is it possible for *any* imports to cause *any* unemployment?"

Now, at the outset I wish to warn the reader to remember that "we" do not trade as a nation. Separate individuals or firms do the foreign trade. It is by forgetting this fact that Free Traders are so easily misled by the fallacious barter argument.

Imports must be paid for by exports. We can accept that assertion as true. Trade is barter. Smith will not export goods unless he receives payment for them. The payment may be made by means of a Bill of Exchange from the foreign buyer. But Smith cannot eat Bills of Exchange, and he passes on the Bill of Exchange in payment for other goods, and eventually that same Bill pays for goods imported from the foreign country to which Smith exported his goods.

Another warning. Although trade is barter and imports must be paid for by exports, it does not follow that the total imports of the traders of a given country must balance the total exports every year end.

Traders and investors export goods as capital, but there may be no import to balance that export. The interest on the capital may be left in the foreign country and re-invested there.

Or, if the interest comes home in the form of goods it will naturally not balance the export. If you export £100 worth of goods for investment and receive £5 a year interest, which will come in the form of goods, it will take 20 years for the import to balance the export in the Blue Book statistics.

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Again, if at the end of 20 years you withdraw your capital, the £100 would come in and appear in the returns as an import, so that on the whole transaction our Blue Book would show: exports (original capital), £100; imports (20 years' interest and return of capital), £200.

I mention these things to prevent the reader suffering from the confusion which befalls many simple-minded Protectionists. They see from the published annual returns that British imports exceed British exports considerably, and having in mind the Free Trade argument that trade is barter, and that imports must be paid for by exports, they assume that “we” must be buying more than “we” sell.

Now, “we” do not buy anything. It is individual traders who buy foreign goods. Can you imagine that foreign traders would send our traders hundreds of millions of pounds worth of goods for nothing? You cannot.

Then there must be some other explanation of our excessive imports. And the example I have given will indicate what that explanation may be.

If “we” are receiving a hundred millions of pounds more imports than “we” export year after year, the explanation may be that part of the excess is payment for services (say shipping), part of the excess may be interest on foreign investments, part of the excess may be goods to balance the expenditure of foreign travellers in our country, part of the excess may be the investments of foreign capitalists in British industries.

Part of the excess might be Government borrowings from foreign people, but we know that is not the case. British Capitalists are, on the contrary, large lenders to foreign Governments.

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Now we can get back to our problem. Can imports cause any unemployment?

All trade is barter. If John Smith exports £100 of goods to America, some one in America must export £100 of goods to England. Some one in England must *import* £100 of goods from America.

Let us suppose that John Smith exports £100 cotton goods to Sam Slick, America, and that John Smith imports from Sam Slick £100 corn in payment for his export of cotton.

The figures in the Blue Book would be as follows :
Exports, £100. *Imports*, £100.

Now, if the imports were stopped by prohibition or by a Tariff, John Smith would lose £100 of trade. Stopping the import would stop the export. The stoppage would cause unemployment here to the extent of £100.

That is the Free Trade case, and so far the argument is sound and conclusive.

But the Socialist does not stop where the Free Trader stops. The Socialist says: "Here is Farmer Giles, unemployed. He can supply the corn previously supplied by Sam Slick. He may not be able to give so much corn for £100 of Smith's cotton, but he is an Englishman, and it is better that Smith should be a little poorer, if necessary, in order that Giles may be enabled to get a living than that corn should be cheap to Smith, while Giles is unemployed.

So, although it be true that stopping an import would stop an equivalent export, it does not follow that the unemployment so caused would be a loss to *the nation*. It would, in the given circumstances, be a distinct gain.

Now, I have put this example first because it shows the truth of the Free Trade argument based

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on the assertion that all trade is barter. Stopping an import in the given conditions *would* cause unemployment; but, as I have pointed out, the unemployment might easily be remedied.

The fallacy here is in the assumption that an import which *competes* with a British product is as beneficial to the *nation* as an import which does not compete with a British product.

To stop the importation of tea would be foolish. Tea does not compete with a British product. To stop the importation of raw cotton would be foolish. But corn is a British product, and to prohibit or limit the importation of corn would protect British farmers and benefit the *nation*.

I will now give an illustration in which I shall show that the Free Trade argument is entirely inapplicable and fallacious.

John Smith, Manchester, is a manufacturer who buys every year £100 of machinery from James Robinson, Oldham. Suddenly he ceases to buy from Robinson and transfers his order to Sam Slick, America. What is the effect on foreign trade and on home employment?

The effect on foreign trade is an increase in imports and an increase in exports.

To pay for the American machinery John Smith must export £100 of goods to America. Exports are up £100. In the same way imports are up £100 owing to the new machinery coming from America. Hurrah for Free Trade!

But what about Robinson? Robinson has lost his usual order from Smith for £100 of machinery, and to that extent he is *unemployed*.

There you have an instance of Imports causing unemployment. Trade is barter. Imports are paid for by exports. Stop Smith's import and you will

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stop his export. Yet the Import has been the direct cause of Unemployment.

Free Traders say, "The more imports the better, because trade is barter, and imports must be paid for by exports; and the making of extra exports to pay for extra imports must find more employment."

Now, in the above example the imports of John Smith are "extra" imports. They have caused "extra" exports. But they have *not* caused more employment in this country. They have caused less.

In this illustration, then, the Free Trade argument is seen to be a fallacy. It does not apply to these circumstances, and these circumstances are always liable to occur in a country with open ports and unprotected industries.

Does any sane person deny that it is possible for me to stop buying British boots and to buy instead American boots? Cannot a million people suddenly stop buying British boots and buy American boots instead?

What would be the result if a million people took this course next week? Suppose they paid £1 a pair, then £1,000,000 worth of American boots would be brought into the country. Increase of Imports, £1,000,000.

But to pay for those boots the million boot-buyers would have to export £1,000,000 of goods to America. They would pay their separate sovereigns in the boot-shops, but the American manufacturers would be paid by the boot-shops in paper money—Bills of Exchange. They would pass on these Bills to other traders, and eventually the Bills would be used by Americans to pay for £1,000,000 of British exports. The million pounds' worth of American boots (imports) would thus be balanced

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by a million pounds' worth of British goods (exports).

What about the British bootmakers? The million sovereigns of the boot-buyers would not now find their way to Northampton and Leicester. British bootmakers would be *unemployed* to the extent of £1,000,000.

Imports would be up £1,000,000. Exports would be up £1,000,000. Hurrah for Free Trade! But British bootmakers would be on the streets, starving.

This example shows the absurdity of assuming that *the nation's* welfare can be judged by studying the foreign trade returns.

The Blue Books would show an increase of exports £1,000,000, and imports £1,000,000. Free Traders would talk about the healthy condition of the *nation's* foreign trade. But it would not be the *nation's* foreign trade; and it would not be healthy.

For what would the true state of the nation be as regards that glorious transaction? The nation would have to maintain a large number of unemployed bootmakers; previously employed. Even if the foreign boots had cost 19s. 6d. instead of £1, the gain of 6d. each by the individual consumers would be a poor set-off against the unemployment and loss of capital in the home industry. A million sixpences would not find much employment in some “new channel” for the discharged bootmakers.

Everyone knows that a trader in England can drive a rival out of business, so causing loss of capital and unemployment. How absurd it is, then, to say that foreign competitive goods cannot produce just the same effect. Our ports are free to all comers.

If I stop buying bread from Jones and transfer my custom to Robinson, Jones is unemployed to

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the extent of my bread bill. If 100 people follow suit Jones is ruined.

I "exported" money to Jones in return for my "import" of bread. When I transfer my order to Robinson his bread is a "new" import. And here many intelligent persons get into an awful fog.

They say the new import must cause a new export. Therefore more employment will be necessary to produce the new export. Thus Jones's unemployment will be balanced by the employment of Wilson, who was previously unemployed. So that the total employment remains the same.

But when Robinson begins to supply me with bread, it is I who produce the export to pay for the "new" import, not Wilson. And my export is *not* a "new" export. My export is the same old export. I pay the 6d. for my loaf to Robinson which previously I paid to Jones. I do not spend any more money on bread. I have simply transferred my custom to Robinson.

Now, imagine that Robinson is located in America or Germany, and you will see how my "new" import from him has caused the unemployment of a British producer, Jones. Yet imports would be up and exports would be up.

Under Free Trade home producers are always open to this kind of attack from foreign producers. A very slight difference in the price of foreign articles may cause intense suffering and loss to the Free Trade industries. The Free Trader is not concerned about the evil results to the whole people so long as *the consumers* who buy the foreign article are benefited by its cheapness. This attitude is anti-social and anti-patriotic. It ill accords with the sentiment of universal Peace and Goodwill preached from the Free Trade platforms.

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I do not wish the reader to assume that because imports *may* cause unemployment *all* imports must cause unemployment.

The insidious nature of this particular Free Trade delusion lies in the fact that it is true *in certain circumstances*. A wet day is a nuisance. Prevent rain and mankind would be happy. How true—*sometimes*.

Imports *may* cause an *increase* of employment in certain circumstances.

Suppose John Smith produces and sells £1,000 of goods per annum at home. Then suppose that he orders £100 of goods from America.

In exchange for the import he must send £100 exports. Now if he does as much home trade as before, he must increase his total product to £1,100, thus increasing home employment by £100.

Foreign trade is up. Imports £100. Exports £100. And the extra import has caused employment.

An extra export may cause more employment in a similar way. But, as I have shown, imports and exports may in certain circumstances cause unemployment.

So far we have learned :

- (1) That a stoppage of certain competing imports may cause unemployment, which could be remedied by organising industries for the benefit of the home population.
- (2) That imports may cause unemployment (for which the Free Trade remedy is a diversion of the beaten capital and labour into new channels).
- (3) That imports may cause more employment.

It is also possible that an extra import may leave home employment as it was.

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Suppose John Smith has invested £100 in America. He receives a dividend warrant for £5, with which he buys an American gramophone. This £5 of goods is a new import, but it would not affect home employment.

I have now to deal with the argument of those really "instructed" Free Traders who recognise that foreign competition may, and does, cause unemployment.

If a foreign competitor ousts a British producer by dumping at cut-throat prices, by selling a better article at the same price as the British, through the superiority of his natural resources, by any means whatsoever, the Free Trader justifies the action. It is the law of Nature. By these means production is driven into its "natural" channels. Workers find their "true" vocation.

If your employers dismiss you and engage a foreigner in your place the Free Trader will tell you that all is well. You must divert your labour into a "new channel."

If foreign boots displace British boots, British boot manufacturers ought to jump for joy, because the fact that foreign boots are cheaper than British boots shows that the British labour and capital is not flowing in its "natural" channel!

And so with any other industry. The Free Trader asserts that these "diversions" are a gain to the *nation*.

But this argument begs the question all the time.

Is it good for the nation that industries should be injured or destroyed? Is it true that no capital can be lost by such foreign competition? Is it true that the capital must be able to discover new industries and the displaced labour new employment?

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Must the new industry and employment be as profitable as those lost?

Where are the answers to these questions? Common sense suggests that to assume that the answers must be favourable is mere folly. What are the facts?

We have twelve millions on the verge of starvation, we have twenty million very poor, we have thirty-nine million poor. These are facts. Do *they* prove that the diversions of capital and labour into the channels opened by our adoption of Free Trade have been highly profitable? What effect foreign competition has had on our industries needs investigation by a competent and impartial committee. The Free Trade argument that unemployment is less in the years of our heaviest imports does not settle the problem.

What we want to know is whether imports have destroyed or injured industries, and, if so, into what new channels the displaced labour and capital have been "diverted," and whether they are better channels or worse. We want to know whether many of our army of unemployed could not be occupied in producing goods now imported. We want to know whether it is good for the *nation* that the individual should be permitted to ruin a fellow citizen by transferring his custom to a foreigner because doing so will increase his profit.

From a Socialist point of view, from a national point of view, Free Trade must always be injurious, because, even when "successful," it involves a lopsided development of the national resources. In our case it has resulted in the over-development of manufactures and the neglect of agriculture, because we were stronger in manufactures than agriculture.

But now that rival nations have drawn level with us in manufacturing power, now that our

supremacy in that field has been challenged, the Free Trade system discloses a new danger. Shut out of foreign markets by tariff walls, we are open to the attack, not of weaklings, but of giants. We may find "new markets," but to do so is becoming ever more difficult. We may divert our beaten capital and labour into new channels. But the twelve millions on the verge of starvation, the twenty million very poor, the thirty-nine million poor, are hardly likely to benefit during the rout of those industries, which kept them poor even in the heyday of Free Trade.

IX.—Down With Free Trade!

OUR investigation into the basic principles of Free Trade and our analysis of the most important arguments put forward in support of those principles have made it quite apparent that the Socialist attitude towards Free Trade must inevitably be one of uncompromising antagonism.

Socialism and Free Trade is an impossible combination. While Free Trade exists Socialism cannot possibly be established. Progress towards Socialism involves the abandonment of Free Trade.

Let us briefly survey the ground we have covered.

At the very outset of our inquiry we discovered that the basic principle of Free Trade and the basic principle of Socialism are absolutely opposed.

Free Trade asserts the right of the individual to produce what he may please.

Socialism denies this claim, and asserts the right of the nation to control production in the interests of the *nation*.

Free Trade asserts the right of the individual to exchange wealth with whom he may please.

Socialism denies this right, and asserts the right of the nation to control exchanges in the interests of all.

Free Trade asserts that what benefits the individual *must* benefit the nation.

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Socialism denies this, and facts confirm its denial.

Pursuing this fallacy, Free Trade asserts that foreign trade must benefit the nation if it benefit the individual.

Socialism denies this, and asserts that under Free Trade foreign individuals may benefit at the expense of our own people.

Free Trade asserts that the Free Trade system enables the *nation* to produce the largest possible amount of wealth.

Socialism denies this, and contends that Free Trade involves a lop-sided development of the natural resources of the country, which, while enabling the owners of certain industries to become wealthy, hinders the development of other industries and impoverishes the people whose living depends on them.

Socialism asserts that the orderly development of the natural resources of the country would result in the production of the largest possible amount of wealth.

Free Trade asserts that cheap imports are a benefit to the nation, because they are a benefit to *the* consumer.

Socialism asserts that though cheap imports may be a benefit to some consumers, they may cause injury to other citizens by depriving them of all employment, when cheapness would be of no benefit, or by driving them into lower-paid industries, when the cheapness would be offset by the smaller purchasing power.

Free Trade asserts that the taxation of imports must be a burden on the consumer and must consequently injure the nation.

Socialism denies both the statement and the

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inference. Taxation of imports may result in benefit to the consumer and to the nation.

Free Trade asserts that unemployment and poverty can be cured by the growth of trade under Free Trade conditions.

Socialism denies the possibility of the abolition of poverty and unemployment under Free Trade conditions.

Free Trade asserts that the universal adoption of Free Trade would usher in an era of world peace.

Socialism asserts that competition leads to quarrels and wars, and that universal Free Trade, involving universal competition, would cause universal war.

Free Trade asserts that the investment of British capital abroad is a benefit to the *nation* because it provides employment for home workers.

Socialism asserts that capital invested abroad finds more employment for foreigners than home workers, and that under an orderly development of industry and fair distribution of wealth, capital now sent abroad could be invested or consumed at home to the great benefit of the nation.

Free Trade asserts that foreign competition cannot cause unemployment, but can only "divert" capital and labour into "new channels," which "new channels" *must* be profitable to the individual and to the nation.

Socialism asserts that just as home competition causes unemployment, so foreign competition may cause unemployment, because it is not inevitable and in the nature of things that displaced capital and labour *must* find new channels, still less, profitable channels.

Free Trade claims to be the best possible system

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of wealth production and trade for all nations, or any nation.

Socialism denies both claims. Free Trade can never be the best system for any nation, and can only exist by the division of the nation into opposing parties, one of which profits by over-developing certain industries at the expense of other industries. Socialism would unite all classes by organising and developing those industries required to supply the needs of all the people.

Free Trade involves competition and the aggrandisement of the few. Socialism involves co-operation and the welfare of all.

People who have never taken the trouble to understand the true meaning of the Free Trade doctrine are often led to believe that its principles must be based on a lofty and inspiring view of the possibilities of international commerce because the word "Free" raises in their minds visions of "Freedom," and "Freedom" is supposed, erroneously, to be absolutely good.

They ask, "How can Socialists be opposed to Cobden's beautiful ideal of 'Free Exchange'?"

Socialists are not opposed to Freedom of Exchange between nations. But Cobdenism never meant that.

What does a Socialist mean by "Freedom of Exchange"? He means that nations (*not* individual members of the nations) should be free to exchange products one with the other.

But such "Freedom" would imply and involve "Regulation" and "Restriction" of Exchange.

For example, if our coalfields were owned and worked by the *nation*, the nation might decide that it would not be wise to export any coal whatever. But Cobdenism says if the coal-owners can make

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more profit by selling coal abroad they should be "free" to do so.

A Socialist Government might be offered foreign boots 3d. a pair cheaper than they could be produced by the National Boot Factories. It would be "free" to accept the offer. It would also be "free" to reject it. But under Free Trade the mere fact of the cheapness would determine the acceptance of the import by individual buyers. A Government acting for the nation would consider also the effect on employment in the boot industry and in other industries which might be affected. Exchange would be regulated in the national interest.

No Socialist who has obtained a clear grasp of the basic principles of Socialism could ever make the absurd mistake of assuming that Free Trade and Regulated "Free" Exchange between nations are one and the same system.

Free Trade is anti-national, anti-patriotic, and anti-Socialist.

The bastard cosmopolitanism encouraged by Free Trade does not make for Socialism. It does not even promote international friendship.

The exchange of non-competitive products between individuals of different nations may promote friendship between the exchanging individuals and between the nations. But all exchanges are not mutually advantageous to the nations. *Competitive* products are a source of jealousy and enmity. Think of the many instances when the clashing commercial interests of *certain individuals* have roused *national* animosities and pushed the peoples to the brink of war.

Now, if all foreign exchanges were regulated by the various Governments acting on behalf of the welfare of each nation, the possibilities of inter-

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national quarrels due to unfair foreign competition would vanish.

Most nations have adopted this policy, in part, at any rate. Protection of the national resources and industries against the attacks of foreign resources and industries is just as necessary as protection by means of armies and navies against invasion by foreign armies and navies. Under Free Trade a nation may lose some of its most valuable industries; it may have its capital diverted into "dustbin" industries, its people may be compelled to emigrate in millions; and all the time it may have within its reach the possibility of providing wealth and health for the whole people.

Our first duty as Socialists is to organise and develop the natural resources of our own country with the object of providing a human life for all its citizens. In the present condition of the world it is necessary to protect those resources against foreign aggression of all kinds. Consequently, Socialists must fight strenuously against any extension of Free Trade. They must fight just as strenuously for the abolition of the system. Until Free Trade is destroyed we cannot pretend to begin that organisation and orderly development of industry on which only the health and happiness of the people can be founded. Down with Free Trade!

Having decided that our attitude towards Free Trade must *in all circumstances* be one of ceaseless hostility, we can now consider the question, "What ought to be our attitude towards Protection?"

In exposing the fallacies underlying the Free Trade doctrine, I have incidentally put forward the arguments for Protection. I can scarcely believe that any Socialist who has read the previous chapters can have left any lingering belief in the Free

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Trade delusions which have dominated our policy during the last half-century.

But Protection? Protection is another idea surrounded with delusions. I now propose to demolish the most important of these, so that we can clearly understand why we who stand for the welfare of all should support a principle generally associated in our minds with the domination and aggrandisement of a privileged class.

X.—Protection

THE theory of Protection may be stated thus: The existence and welfare of a nation can only be safeguarded completely when the development of its natural resources and the industries based on them are under national control. Such national control involves the prohibition of the import of any foreign goods which can be produced at home, and whose import might cause unemployment, loss of capital, or loss of national control of land or any other instrument of production.

That is to say, a Protectionist would regulate the exchange of goods between his country and others, and restrict imports to those goods which *do not compete* with home products.

To the Socialist the soundness of this theory ought to be obvious. What is our basic principle? "That the land and all the instruments of production should be owned and controlled by the nation."

How, then, can a Socialist object to the Protection of our industries against foreign competition? If we object to the exploitation of the individual by British land-owners and capitalists, how can we be indifferent to the exploitation of our natural resources and our industries by foreign capitalists and land-owners?

Every one admits the necessity and the wisdom of protecting the country against invasion. He

would be thought a madman who proposed to leave defence against invasion to individual initiative.

Even Free Traders recognise that it would be folly to rely on individuals or groups of individuals to prevent the attacks of foreign armies and navies. But on Free Trade principles we ought to leave the defence of Dover, or Liverpool, or Hull, or London to the individuals of those places; it would be quite in keeping with those principles to see Dover in the hands of French wine-merchants, Hull captured by an army hired by the German Steel Combines, or Manchester and Oldham flying the Stars and Stripes after reduction by the mercenaries of an American Cotton King.

The "import" of foreign Governments would surely benefit the nation!

Now, if it be sound policy for the nation to provide protection against aggression by means of armies and navies, it cannot be unsound policy to protect the country's resources against other kinds of aggression.

If foreigners should invade our country and subdue it, what would they gain? They would obtain possession of its natural resources, its land, mines, minerals, railways, ships, factories, shops, and all the means of production, and they would obtain control of the brain and muscle of the people.

We agree that it is wise for the nation to adopt measures to prevent such a calamity. But cannot the land, mines, minerals, ships, factories, and so on be wrested from us in any other way? Yes.

Under the Free Trade system it is possible for foreigners to control the use of our land. How?

With the help of Free Traders foreigners have for nearly half a century dictated our land policy. We could grow most if not all our own food. Foreigners,

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assisted by Free Traders, compel us to purchase £290 millions a year of food from *them*.

I am not forgetting the sins of landlords. They, too, are responsible for the wretched position of agriculture. Their greed and incompetence in the early part of the last century opened the door to Free Trade. Free Trade has half ruined agriculture, and the control of our land is no longer in the hands of British citizens. To regain control means shutting out the foreigner.

Under Free Trade it is possible for foreigners, by fair means or foul means, to ruin a British industry or to divert capital and labour into unprofitable channels, as I have already shown. What sense is there in protecting a country by means of armies and navies if you allow the foreigner to control your land, steal your industries, and drive millions of your people abroad?

All these injuries are possible under Free Trade. I am not discussing the extent of our injuries. I have only mentioned agriculture because that is an industry whose condition is beyond discussion. The manufacturing industries whose strength enabled their owners to force the Free Trade system on the nation may not have suffered much or at all yet. But even these are open to attack under Free Trade. And there is America; and there is Germany; and there is Japan; and, in the background, China.

Any Socialist whose Socialism means to him something more than fiddling with small taxes on unearned increment must recognise, if he considers the problem of agriculture and our food supply, that Free Trade is impossible. How could we nationalise agriculture? How could we grow our own food and retain Free Trade?

Unless a nation has control of its land and other

instruments of production, Socialism cannot possibly be established. If the industries are protected, Socialism may be established. If the industries are not protected, if foreigners have captured industries, destroyed capital, or diverted it into unprofitable channels, driven labour into emigration or unemployment, Socialism cannot be established until the lost control has been regained.

In a Socialist country there would, of course, be no need to protect native industries by means of tariffs.

A Socialist nation would organise its industries for the production of the goods required to satisfy the necessities of its own people.

What foreign exchanges were made would depend on the needs of the people and the possibilities and conditions of exchange offered by foreign individuals or nations.

Under Socialism mere cheapness would never decide the question for or against importation of foreign goods.

Many other factors would be considered. Should we import boots? Foreign boots are 6d. a pair cheaper than home-made. Very well. If we decide to import boots what is to become of our own people employed in boot manufacture? Can we transfer them to any other industry? Can we teach boot-makers a new trade? Will 6d. a pair compensate us for any loss caused by the unproductiveness of the old boot hands in a new industry? And as to our capital in the boot factories? Will it pay to scrap it? How much of it would be left to be "diverted" into "new channels"? Are there any new profitable channels? And what about the exports to pay for the proposed import of boots? What will the foreigners want? What will they

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take? Coal? Can we afford to export coal? And so on.

Under such a system national resources and native industries would naturally be "protected." There could be no import of foreign "competitive" products. All exchange would be mutually advantageous.

The Free Trade Socialist may say: "That is all very well. But we are not a Socialist nation and Protection to-day does not mean the protection of industries for the benefit of the nation, but for the benefit of a few individuals, Employers and Landlords. Must we support that sort of Protection?"

It is true that the benefits of Protection to-day are not shared equitably by all the people in Protectionist countries. But the fact that landlords and trusts benefit most is not due to Protection, but to the apathy, the ignorance, and the weakness of the masses in Protected countries.

If the national industries are *there*, if they are under the control of native citizens, then there is a chance for Socialism. The basis is in existence. The remedy for oppression is not Free Trade, but Socialism.

Protection may be, and is, used for the profit of the few. But because that is so, we **MUST NOT MAKE THE SUICIDAL MISTAKE OF FIGHTING PRIVILEGED PROTECTION WITH THE WEAPON OF FREE TRADE.**

To do so would be to cut off our nose to spite our face.

Under Free Trade Socialism can never be established. Under Protection it may be. Privilege *inside* the country can be broken down. But we cannot control our national resources when Free Trade has frittered them away.

The control of our national resources is essential

to Socialism, and I assert that if that control were exercised by our own countrymen, even by a privileged few, the conditions must be more favourable to Socialism than Free Trade conditions.

Britain for the British.

I shall be told to look at Germany. Why are the millions of Socialist voters there Free Traders?

I don't know. Probably because there are not millions of Socialists in Germany. No Socialist who understands Socialism could possibly advocate Free Trade as a step towards Socialism.

How could Free Trade help the German Socialists? Germany has natural resources plentiful enough and rich enough to provide wealth for the whole population.

The masses complain that Protection enables the landowner and capitalist to take by means of high prices and rents an unfair share of the wealth produced.

Would Free Trade give them a fair share? Good heavens! Is there not a place called Great Britain where Free Trade reigns supreme? Has Free Trade given the masses here a fair share of the wealth produced? Has it opened opportunities of earning a living to every citizen? Has it enabled us to take a single step towards Socialism?

The Americans have more sense. The masses there do not turn to Free Trade as an antidote to the oppression of the Trusts. They are saying instead: "Let the *nation* own the Trusts."

The Americans know that the boundless natural resources of the country would provide enough wealth for four times the population. By means of Protection *control* of their industries is in the hands of their own countrymen. They possess everything necessary to produce a civilised life for the whole

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people, except organisation: Socialism. And they are turning towards Socialism.

There are Free Traders in America. Yes, and I should not be surprised if Free Trade doctrines were vigorously boomed there in the near future. By certain capitalist interests.

If you study the arguments of the advocates of Free Trade in Germany or America you will discover, if you can read between the lines, the real force behind the Free Trade movement. What is it?

The growing strength of the exporting industries.

Free Trade would doubtless pay certain capitalist interests in Germany and the United States, just as it paid the manufacturers of Lancashire and Yorkshire in the forties and since. Our manufacturers did not need Protection, because they had no competition to meet. To-day the United States is probably capable of meeting and beating the world in the manufacture of steel and many other goods.

Read the following illuminating paragraph from *The Tariff and The Trusts*, by Franklin Pierce, a New York barrister, and a champion of Free Trade:

We ought to be exporting at least five times the amount of manufactured products which we are, and with free ships, free commerce, and free raw material we would be exporting that to-day. . . . *A country as great as ours, with gigantic natural resources, with free commerce, and efficient labour, can actually absorb to itself a considerable part of the commerce of the world. . . .*

There you are. Cobden redivivus. "The workshop of the world" ideal again.

Free Trade is offered as the panacea for high

prices, unemployment, and Trusts, *and as a way of escape from Socialism.*

But Mr. Pierce gives his whole case away when he boasts of the enormous national resources of the United States. Why should American people live in poverty and lack employment in the midst of plenty? Do they lack corn? No, they export surplus corn. Do they lack building materials? No, building materials abound. Do they lack wool and cotton? No, they export surplus cotton. Do they lack factories and machinery? What a question! They have all the necessaries and luxuries, and then a cute barrister tells a smart people that they cannot organise and distribute this wealth fairly without the help of foreign competition! Free Trade!

Well, *is* there a country known as Great Britain where Free Trade reigns supreme? But perhaps Mr. Franklin Pierce has never heard of this little spot of mud.

Wherever Free Trade is advocated you will find its supporters are the owners of some particular industry who feel strong enough to beat any foreign competition.

I understand that many industries in America can produce enough in eight months to supply the home demand for twelve months. So they want "new markets."

Now the home demand could be increased if the whole people were fully employed and paid a living wage. But that would require national organisation of industry—and that, alas, would be Socialism.

So the cry goes up for Free Trade. And mark my words, if ever the Trust Kings of America start out to kill Socialism, they will essay the task with the weapon of Cobden and Bright—Free Trade.

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When the working masses of the people receive Free Trade arguments with approval, they are beguiled by the false god of "cheapness." That Socialists in any country should allow themselves to be deceived by such a patent fallacy is lamentable. We must not allow our hatred of the oppression of landlords and Trusts to blind us to the equally hateful oppression of cheapness, low wages, unemployment, and the lopsided development of industry involved by Free Trade.

And Free Trade does *not* abolish either landlordism or Trusts.

The establishment of Socialism, the building up of a sane and human system of wealth production and distribution can only be attempted in a country whose national resources are under the control of native citizens.

Taking steps to Socialism means gradually obtaining that control for the whole people, the nation.

If the country is a Free Trade country steps to Socialism involve the cutting away of lop-sided Free Trade exporting industries and the Protection of home industries from foreign attack.

Therefore, our attitude towards a Protectionist policy should be that of the open mind. Not of "bitter opposition." If we were in power we should have to formulate a policy of Protection of our own. We may see fit to reject proposals of tariff reform put forward by other parties, but we cannot consistently reject them on the ground that we are not Protectionists, but only on the ground that the suggested measures would not, in our opinion, result in Protection of the national resources.

Free Trade and Socialism is impossible. Protection and Socialism *is* possible.

XI.—Labour and Protection

THE leaders of the Free Trade Party profess to find intense satisfaction in the fact that "the cream of the working classes " is Free Trade to the death.

The cream of the working classes is, of course, the two million trade unionists. Most of them are Free Traders. Their leaders are Free Traders. Why is this so?

We are told that it is so because the hard-headed, intelligent working man has a genius for discerning the eternal verities; and the doctrine of Free Trade is, of course, one of those immutable principles on which the very existence of the universe depends. "The working classes, with that sound instinct which is one of the strongest bulwarks of the foundation of society, have steadily refused to be beguiled by the meretricious promises of Protection."

Now, every intelligent trade unionist knows that this kind of talk is mere clap-trap. The cream of the working classes know that when a politician or a leader writer refers to their genius it is time to button up their pockets. They know that their instinct for discerning eternal verities is no more reliable than the tipster's instinct for spotting winners.

The average trade unionist is a Free Trader because he was "born so," or because his grandfather has told him of the "Hungry Forties," or

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because every one is a Free Trader, or because wages in his trade are higher than wages in the same trade in Germany, though he admits it is a bit puzzling that they are lower than in the United States.

So far as he has thought about the matter his adherence to Free Trade is probably decided by his impression that Free Trade pays *him*. Free Trade pays his employer. And for half a century he took his politics and his economics from his employers, and elected his employers to "represent" him in Parliament.

Quite recently he has begun to send men of his own class to Parliament. But most of these men are too old to begin to think out a Labour policy that is an ALL-Labour policy on these questions. They are just as much in the pockets of the employers as the rank and file who used to vote for their employers.

The trade unionist M.P. is, so far, practically a representative of his trade union. He does *not* represent Labour—ALL-Labour, or only to a very slight extent.

But the new generation knocking at the door will speedily recognise, at their peril, that Labour M.P.'s acting as mere echoes of the employers in certain trades are a useless and costly luxury. If Labour is to occupy the place in the national councils to which its importance and its interests entitle it, a Labour Party will have to represent ALL-Labour.

Now, as soon as an intelligent trade unionist begins to think about the problem of Labour from the point of view of ALL-Labour, and not merely from the point of view of the two millions who happen to be members of trade unions, he will, I

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think, be forced to the conclusion that Free Trade is not an eternal verity, but an eternal delusion.

The most intelligent representatives of Labour are trade unionists. What is the principle of trade unionism?

Protection.

Trade unionism is rooted in protection. Its whole object is protection. It exists to achieve in a narrower sphere what industrial Protection and Socialism would achieve in a wider sphere.

A trade unionist can only become a Free Trader by being false to the principle of trade unionism.

What is the object of trade unionism?

To obtain for the individual wage-earner fair wages, and to protect his standard of life.

The trade unionist accepts the system of private property and competition. He does not claim the right to work. He is content to leave the provision of work to owners of land and capital.

But, being employed, he demands certain terms and conditions of employment. Wages so much, hours so many, overtime so much, with other rules and regulations designed to protect his standard of life.

The trade unionist believes in the protection of his "natural resources." His "natural resources" are his labour powers, his health, strength, and skill. In order to preserve and improve these he must protect them. The trade union is his method of protection.

Against what is it necessary to protect them?

Against Blacklegism.

What is Blacklegism?

"Free" Labour and "Free" Capital.

Blackleg capital refuses to recognise trade unions.

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Blackleg capital claims the right to bargain with each individual wage-earner.

Blackleg labour asserts the right of each individual wage-earner to make a "free" bargain with the employer.

What is the right claimed both by blackleg capital and blackleg labour?

It is the right to "Free Trade."

Free Trade is the enemy of trade unionism. The two principles are absolutely antagonistic. Cobden was perfectly logical in opposing trade unionism. Bright was perfectly logical in opposing Factory Acts. Regulation, that is protection or trade unionism, is the enemy of Free Trade.

Now, the trade union ideal is the enrolment of every wage-earner in his appropriate trade union, the federation of all the unions, and the acceptance of trade union terms by all employers. The ideal is, in short, the protection of ALL-Labour.

Would the realisation of this ideal produce the desired result? Would all wage-earners be equally protected if all were enrolled in a federation of trade unions?

It is just here that the Protectionist points out to the trade unionist that even if his ideal were realised to the full the "natural resources" of the wage-earner would still be in very serious danger of being injured or destroyed, his standard of life would be insecure, the whole trade union organisation would be in jeopardy. Why?

Because of the possibility of foreign competition under a system of Free Trade.

"You demand a minimum wage," says the Protectionist. "You claim to have a voice in determining hours of labour, and other conditions of employment. Very well. If I agree to your terms, if I

pay the standard rate of wages, if I abide by the other conditions laid down, then I must have my 'natural resources' protected too. My 'natural resources' are land and capital. If the foreigner is allowed to undersell me, my profit and perhaps my capital will vanish. If my 'natural resources' are thus injured or destroyed by foreign competition, how can I continue to observe the conditions you wish to impose on me? "

Is there any answer to this argument?

The trade unionist has none, though the Socialist would have a word of criticism to put in. The Protectionist logic is irrefutable.

If the trade unionist be true to his principles and his ideal, if he really be desirous of protecting ALL-Labour, then he must see the logic of protecting any threatened industry against foreign competition.

Where is the sense in objecting to blackleg labour at home and permitting the free entrance of goods made by blackleg labour abroad?

Where is the sense in fighting the blackleg capitalist at home and allowing the foreign blackleg capitalist to sell his goods freely in competition with goods made by trade union labour?

The trade unionist ideal is to obtain regular employment at the standard rate of wages. How can regular employment, or the greatest possible amount of employment, be ensured if foreigners be permitted to injure or destroy any of our industries?

To allow this freedom to the foreigner and then to demand that the capital thus diverted into new channels should pay the trade union rate of wages is to demand the impossible. To lock the door after the horse has been stolen is useless. To leave the door open and when the horse is stolen to say that

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the owner *must* produce another horse as good as the lost one is folly.

Logic and common sense unite in asserting the harmony of the principle of trade unionism with the principle of Protection.

But if you investigate the matter you will find that the majority of trade unionists belong to the export industries; and, as I have pointed out, our great export industries have not for half a century needed protection from foreign competition in the home market. The Free Trade employers have made millions, and they have told the trade unionists that their high (!) wages and growing prosperity (!) have also been due to Free Trade. And the trade unionists have heard this so often that they have come to believe it.

That is why the cream of the working classes is Free Trade at present.

But there are two things, one of which may and the other must in the near future cause the cream of the working classes to reconsider its attitude with regard to Free Trade.

The first is the possibility of foreign competition in the home market in industries which have hitherto escaped injury from this source.

The second is the new responsibility thrust on the cream of the working classes by its determination to take a direct part in the legislative functions of the nation.

Self-interest would in the first case compel the cream of the working classes to modify its views on the advantage of Free Trade.

As to the second influence, the Labour Party will speedily discover that its numbers will be decreased and its influence will wane if the electorate discovers that its chief activities in Parliament are devoted to

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the "protection" of one class of employers—*i.e.*, those whose interest it is to keep our ports open freely to the goods of the foreigner.

If a Labour Party cannot create a *national* ALL-Labour policy it is doomed to more or less gradual extinction as a force in Parliament.

If it can be shown (and under Free Trade it is always *possible*) that any of our industries are being injured and our workers deprived of employment or driven into lower-grade employments by foreign competition, then the workers who thus suffer will never be induced to support a Labour Party whose power and influence are used only for the aggrandisement of one section of the workers.

Labour must, in short, approach problems from a national point of view, and a national point of view will involve the recognition of the necessity for the protection of the national resources against foreign competition, just as the local and sectional trade union point of view involves recognition of the necessity for protection against the local blackleg.

XII.—The “Hungry Forties” Delusion.

EVERYONE who has read the history of the Anti-Corn Laws agitation is familiar with the horrors of the period known to Free Trade advocates as “The Hungry Forties.”

For the Free Traders of to-day the sufferings endured by the people during those terrible years provide one of the most potent arguments against the proposed return to Protection.

Many of them do not scruple to suggest to the workers that Tariff Reform would involve a recurrence of those shameful incidents.

Of all the abominable fictions to which the Fiscal agitation has given birth, or resurrection, I think this particular Free Trade fiction is one of the worst.

It is not true that a return to Protection would, under present conditions, necessarily tend to reproduce the extensive suffering and misery of the Hungry Forties.

It is not true that the sufferings endured during the “Hungry Forties” were due to Protection.

No Socialist ought to be gulled by this transparent fallacy.

To what were the sufferings of the people in the forties due?

To Poverty.

What is Poverty? Lack of wealth.

The Free Trader tells you that the people lacked

wealth because they lacked work. He tells you that the people lacked work because the factories could not sell their goods abroad. He tells you that the factories could not sell their goods abroad because the Corn Laws prevented the importation of foreign corn, and foreigners could not take "our" manufactures unless they could pay for them with corn. He tells you that the population was so large that foreign corn was absolutely necessary to keep the people in bread.

There is not a word of truth in any of the above statements, except in the one referring to the manufacturers' complaint as to loss of foreign trade.

These assertions may be accepted by a Free Trader, an "everyone for himself, what is best for the individual is best for the nation" kind of person. But is any Socialist satisfied with them?

The people were in misery because they lacked wealth. Very well. The first thing I want to know about this statement is, Was the total wealth of the nation insufficient to provide for the needs of all the people, or were the poor in misery because they were deprived of their fair share of the national cake, as they are to-day?

What is the Free Trader's answer? I do not know. I do not think the Free Trader has ever met this question before. But I will provide him in the first place with an answer uttered by a man who is worshipped by all Liberal Free Traders—the Right Hon. W. E. Gladstone, the Grand Old Man.

On February 14, 1843, Mr. Gladstone, a member of the Cabinet, spoke in the House of Commons as follows:

It was one of the most melancholy features in the social state of the country—that while there

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was a decrease in the consuming powers of the people, and an increase in the privations and distress of the labouring and operative classes, there was at the same time a constant accumulation of wealth in the upper classes, and a constant increase of capital.

A similar statement was made from the Opposition Benches on April 7, 1843, by Mr. C. Buller. He said :

We see extreme destitution throughout the industrious classes, and, at the same time, incontestable evidence of vast wealth rapidly augmenting.

These statements are quite enough to give a Socialist pause when he is informed that "The Hungry Forties" horrors were due to Protection. In the "Hungry Forties" the United Kingdom was the richest State in the world. The poverty and misery of the people were not due to the fiscal system, but to *the greed and oppression of the landlords and capitalists*. Had Socialism been established in 1846 instead of Free Trade, poverty would have been abolished.

The Free Trader tells you that the country could not grow enough food to sustain the population; therefore foreign corn was a necessity; therefore Free Trade was necessary.

The statement that the country *could* not grow enough food for the needs of the population is nonsense. In 1841 the population was nearly 27 millions.

High agricultural authorities assure us that the land could feed 120 millions *if* cultivated properly.

In the *Morning Chronicle* of September 20, 1842, Mr. Robert Hyde Greg, a manufacturer and a

member of the Anti-Corn Law League, wrote as follows :

The general conviction which remains upon my mind is that with a system equal to that of the Lothians established throughout England landlords might receive double rents, farmers be rich and prosperous, and the country rendered, for two generations, independent of all foreign supplies. I am confident that the agricultural produce of England, Wales, and the West of Scotland might be doubled, and that of Lancashire and Cheshire tripled.

Alison's book on population was published in, I think, 1840. In it he declared that "on the most moderate calculation, Great Britain and Ireland are capable of maintaining, in ease and affluence, 120,000,000 inhabitants."

It was possible even in those bad times for a man with an allotment of four or five acres to earn a much better living than the average artisan.

For example, George Cruttenden, who held five acres of land in Sussex, paid £15 rent for the land and £10 for his house. He had a wife and four children. In the *Labourers' Friend Magazine* for January, 1844, he wrote: "I have for nearly four years supported my wife and four children in comfort on five acres."

This is not a solitary example, but there is no need to pile up evidence on this point. Common sense—Socialist common sense—could have suggested the obvious remedy for the real disease which afflicted the people.

Why was it not adopted? Why was not the land nationalised? Why, at any rate, were the agricultural labourers who earned such low wages

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and endured such awful miseries not provided with allotments? Why was there a shortage of food?

The answer is much the same answer that we give to-day. Because the power was in the hands of the landlords, and the landlords' policy was to add field to field, to drive the people from the land, to reduce the population of the villages, in order that they might get rich quickly by means of high rents and "big" farming.

The landlords were against allotments. They made the labourers too "independent." The landlords would not grant long leases to tenants. They wanted to be in a position to raise the rents year by year. The landlords would not spend their profits on improvements. They wanted their riches for other purposes.

What was the result? Being rack-rented and having no security of tenure, tenant farmers could not invest capital in their farms. Not being able to invest capital in extensions and improvements, the tenants lost heart and the land suffered. Not being able to find work on the land, the labourers were driven to the towns.

In the towns the labourers were told that Free Trade was the remedy for their ills. If we would only permit foreign corn to enter the country free of duty, work would be found in the factories for thousands at good wages. Food would be cheap, prosperity would knock at every man's door. Those wicked landlords!

The working classes in the factory towns were by no means deluded by these philanthropic Manchester arguments, as the Chartist agitation proves.

Many of them recognised that Free Trade was a manufacturers' middle-class game which might dish

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the landlords, but would in no way help the workers. And they were right. But they were powerless.

There were not lacking those who saw that the true remedy was Socialism. Others recommended peasant proprietorship and smaller holdings. But however powerful their voices, their influence was too feeble to have any effect against the forces of Free Trade Capitalism.

The fight was not a fight between two economic systems, one of which must be good for *the nation* and the other bad for the nation.

The fight was a fight for wealth and power between the landlords and the manufacturing capitalists.

By their greed and their neglect of their duty to the land, the landlords played into the hands of the manufacturers, and the manufacturers won. The working classes were simply spectators.

A Mr. Rand, of Bradford, made a speech when he joined the Anti-Corn Law League which puts the position very clearly. He was once a Protectionist. He thought Protection necessary to secure the cultivation of our own soil. He thought England would become "a perfect garden" under its influence. What converted him to Free Trade?

Not the Free Trade doctrine, but the greed and incompetence of the landlords.

Hear him :

When a law exists in any country, limiting, or tending to limit, the supply of food to what the country itself produces, then I say it is not only the right but the duty of the country to inquire into these matters, for in that case the people are as much concerned in the proper cultivation of the soil as the proprietor himself. . . . If the landed

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proprietors of this country will not improve their estates so as to produce an ample abundance of food for every one of its inhabitants: and refuse to adopt a system which would enable their tenantry so to improve them, they have not the slightest right to impose any obstacles to other countries supplying us.

You see. This was not a case of conversion to Free Trade because Free Trade was a better system, but a case of choosing the evil of Free Trade or the evil of landlordism. Mr. Rand chose Free Trade—and incidentally the evil of Free Trade Capitalism.

The landlords complained that the manufacturers were over-producing manufactures and over-building the towns. But Mr. Rand's answer to the charge is crushing. He said:

We (the manufacturers) are guilty of employing too many people. So that in point of fact, refusing on their part to build dwellings for their increasing numbers, they condemn us for building them, and while pursuing on their part a system of cultivation which prevents the employment of the people in their own districts, they condemn us for giving them employment in ours; and yet, passing strange, they call themselves the "protectors of native industry." They have yet to learn that there is no protection for industry apart from employing it.

Is not the above convincing?

The landlords, being protected, screwed the last penny out of their tenants. The tenants were compelled to charge high prices. The farms were increased in size. Labourers were ground down or driven from the land. Cottages were pulled

down. Unemployment and poverty were widespread.

What was the remedy? Free Trade?

No. Socialism was the remedy. Organisation of the people on the land, the land capable of employing *the whole population*. Organisation of manufacturing industries. Fairer distribution of national wealth. Shorter hours. Education. Abolition of child and female labour in mines and factories.

The evils credited to Protection were really due to landlordism and private property. Protection against foreign food would have made England "a garden" under national control and organisation.

Protection of *the whole people* would have been common sense and Socialism. But Protection monopolised and jerrymandered by the landed interest resulted in poverty and misery.

Now, Socialism means production of wealth for the needs of the whole people. Its first care would be to employ and nourish its own people. Foreign "Competition" would be impossible. Goods might be exchanged with foreign peoples, but the exchange would be regulated and controlled in the interests of *the nation*.

It is clear, then, that the idea of Socialism includes the idea of Protection. There is no antagonism between the two.

What is the case with regard to Free Trade?

Free Trade and Socialism is an impossible combination, as explained in the first chapter.

Free Trade must involve private ownership of land and capital, free competition at home, and open ports.

Under Protection there may be private ownership, but competition will not be "free," and if the people

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are enlightened and powerful enough, the industries of a Protectionist country *may* be protected in the general interests of the nation.

Had the masses adopted Socialism in 1846, poverty would have been abolished. They chose Free Trade. With what result?

The result is that they have simply changed tyrants. If it was the duty of the protected agricultural industry to find employment for the people, it is no less the duty of the Free Trade capitalists (who are "protected" by cheap imports) to find employment for the people.

Do they?

Instead of paying fair wages and investing their surplus capital at home, so finding employment for an increasing population, the Free Trade Capitalists have paid competition wages and exported their surplus capital to foreign countries (and the Colonies) to find work for foreigners, thus committing the same crime against the people charged by Mr. Rand against the landlords.

They have by their free imports policy placed in jeopardy the industrial stability of the nation. They have partially destroyed our agricultural industry. They have driven millions of workers abroad who ought to be earning a living at home and adding to the wealth and strength and progress of the nation.

If the masses have not jumped out of the frying-pan into the fire they have not to thank Free Trade, but the *growth of Socialistic ideas*, which, put into action, have modified and restrained the *laissez faire*, everyone for himself, activities enjoined by the basic principle of Free Trade.

The workers have to thank Free Trade for nothing. We hear a good deal of the advance of wages

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and the better conditions of the workers since 1846, but a good deal of that progress was merely a return to the conditions enjoyed by the workers fifty years before the Free Trade era.

It is not Free Trade, but Trade Unions, Factory Acts, Public Health Acts, Education, and other Socialistic measures that have enabled the masses to obtain the few advantages they have secured since 1846. These are all Protective measures which have been won in the teeth of the champions of Free Trade.

These Socialistic measures would have produced the same effect under Protection. Are the American masses worse off than the British? Are the German? Yet these are Protectionist countries.

It is not Free Trade which gives some American workmen the highest wages in the world. It is not Free Trade which gives the German workmen the best education in the world and the most advanced system of compensation and pensions.

I can hear some captious critic saying, "Exactly. Free Trade or Protection. Tweedledum and Tweedledee." I shall deal with him later. All I am desirous of pointing out at present is that "The Hungry Forties" argument is nothing but a Free Trade Capitalistic misrepresentation without the slightest foundation in fact. No Socialist ought to be made a victim of this contemptible fallacy for a moment.

XIII.—The Prices and Wages Fallacy.

IF the reader has obtained a clear idea of the true principle of Protection he will now be in a position to perceive the futility of the controversy as to the effects of Free Trade and Protection on prices and wages.

It is quite a common thing to hear people say that when listening to an exponent of the Free Trade doctrine they are convinced of the wisdom of this policy, and that when listening to an exponent of the Protection theory they are equally convinced of the truth of that doctrine.

What are the arguments which influence them in favour of Free Trade?

The Free Trader makes his points by concentrating on the flourishing condition of our great Free Trade exporting industries, cotton, shipping, wool, steel, and coal. He dwells on the high (?) wages paid in those industries, and on the cheapness of bread, and compares them with wages and prices in Protectionist countries.

He avoids mentioning the fact that these industries employ only a minority of the population. He does not boast of the twelve million on the verge of starvation, of the twenty million very poor, of the thirty-nine million poor. He has a fling at the landowners and their unearned rent, conveniently ignoring the much greater amount taken in unearned interest and profit by Free Trade

capitalists. He has a good deal to say about horse meat and Germany, but he never mentions wages in the United States if he can avoid the subject.

Briefly, the Free Trade argument is: We are the richest people in the world; our enormous wealth has mostly been gained under Free Trade. Therefore——?

Born and bred in a Free Trade environment, the average person is naturally susceptible to this appeal, but——

The Protectionist argument that it is to a nation's interest to protect its natural resources, its wealth, its industries, and its people against foreign aggression and competition is so obviously true that he is compelled to assent to it.

Now, if the average person could only be brought to understand that the differences in rent, prices, and wages in different countries are not a legitimate test of the wisdom or otherwise of the policy of Protection, he would never more befog his mind and waste his time studying the bewildering arrays of figures thrust on him by advocates of both Free Trade and Protection.

If we want to know whether Protection is a wise policy or not, we have not to ask, are rents higher or lower in a Protectionist than in a Free Trade country? We have not to ask are prices higher or lower in a Free Trade country? We have not to ask are wages higher or lower than in a Free Trade country? We have to ask, does the policy of Protection preserve the natural resources of the country for the use of the people of that country?

That is the whole object of Protection; to prevent foreign aggression against the natural resources and industries of a country.

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How then can differences in rents, prices, and wages affect the question?

Wages in Germany are lower than in Great Britain. Is that a proof that Protection is wrong? No.

Wages in the United States are higher than in Great Britain. Is that a proof that Protection is right? No.

What are wages?

Wages are the share of the wealth taken by wage-earners.

The total wages in a country will, then, depend on the total amount of wealth produced.

If the total production be large, wages will be "high" (assuming "fair" conditions).

If the total production be small, wages will be "low."

Whether wages are high or low depends ultimately on the richness or poorness of a country's natural resources.

How absurd it is then to compare the wages and prices of two countries without taking into consideration the natural resources, and the population, and the skill and industry of the people.

Are conditions in Germany and Great Britain exactly the same? Are conditions in the United States and Great Britain exactly the same? Is it reasonable to compare wages and prices in these countries with such widely different natural resources and other conditions, and then attribute the differences to Free Trade or Protection?

The test of Protection is not the comparative richness of a country, but the preservation of national control over its natural resources and industries.

It is quite obvious that if a nation retains control of all its land, mines, minerals, railways, machines,

workshops, and all other means of production, that nation is in a position to produce the greatest possible amount of wealth.

The Free Trade policy, on the other hand, leaves a nation's natural resources and industries open to aggression by foreigners. Therefore a Free Trade nation never is in a position to produce the greatest amount of wealth possible.

It follows that if of two nations with exactly the same natural resources, one adopted Protection and the other Free Trade, the Protected country would be the wealthier.

But no two countries are alike in natural resources, consequently it is impossible to compare the results of the two systems under similar conditions.

So long as Great Britain was much the wealthiest nation in the world, so long as wages in this country were the highest in the world (in some industries), so long were the advocates of Free Trade able to use these facts as a proof of the benefits of Cobdenism.

But wages in the United States, a highly Protected country, are now (in some industries), higher than wages in Great Britain (allowing for higher prices). This one fact is sufficient to show the futility of attempting to test the relative value of the policies of Free Trade and Protection by comparing wages and prices in different countries.

Wages depend on the product. A nation whose total production of wealth is £1,000 millions in a year can pay "higher" wages than a nation whose total production is £500 millions, given equal populations.

But there are low wages, there are high prices, there is unemployment, there is sweating in Protectionist countries!

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True! But are these evils due to Protection? Are they due to the fact that the foreigner is prevented from obtaining control of any of the country's industries and resources?

There is food in a house sufficient to feed a family. The doors are bolted and no burglars can enter. But some members of the family are starving. Is it because the burglars are kept out? No. They starve because their strong and greedy relations prevent them from eating.

No argument against Protection is so hopelessly feeble as the argument that Protection *cannot* protect the wage-earner.

Cannot protect him against *what*?

Against Trusts and high prices. But it is not *meant* to protect him against Trusts and high prices. It is meant to protect him against foreign attacks on the natural resources which provide the wages fund of his country.

If the industry is in the country, if the possibilities of wealth are *there*, and the wage-earner cannot obtain his fair share, where on earth and under what conditions can he possibly hope to get it?

Is it not ridiculous and absurd to try to induce the workers to help to build up a co-operative, Socialist system of wealth production, to take possession of the country they live in, and to organise its industries for the benefit of the whole nation, and at the same time to tell them that they have not the sense and the strength to obtain a fair share of the wealth produced under Protection?

Under Protection the Trust flourishes. Having control of the home market producers are able to raise prices and to fleece the consumer. What is the remedy? Is it Free Trade?

To a Socialist who understands Socialism the

suggestion is grotesque. The Socialist's remedy is the remedy advocated in the United States: "Let the *nation* own the Trusts."

The United States possess natural resources sufficient to provide abundant wealth for four times the present population. The wealth is *there*. But the Trusts own the natural resources. They control production and distribution. Result: Millionaires, over-production, high prices, low wages, poverty, unemployment.

Is the remedy Free Trade?

Think of it. Eighty million people with enormous wealth under their noses, praying that the foreigner be allowed to sell his goods freely in their country in order to enable them to obtain a decent living! Would it not be comic?

But the Americans do not offer up that prayer. They are saying: "Let the *nation* own the Trusts." That is common sense, *i.e.*, Socialism.

In Germany, the working classes, three million Socialists, too, are said to be favour of Free Trade. Heaven help them!

They complain of high prices, low wages, unemployment. *Is Protection the cause* of these evils?

How could Free Trade help the people? Does Free Trade provide equal opportunity for employment? Does it organise production for use? Does its "cheapness" ensure a living for its votaries? Does it abolish unemployment? Does it foster a rational development of natural resources?

No. Free Trade does none of the things Socialism wants to do. Free Trade is the enemy of Socialism. No one has ever shown how under Free Trade a nation could possibly provide work and wages for all its people, or prevent the oppression of those in work.

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What are the German Socialists dreaming about? Have they never heard of Great Britain and its twelve millions on the verge of starvation, its twenty million very poor, its thirty-nine million poor? Have they never seen our cheap—and nasty—products of “free” competition, that they are so anxious to taste of their benefits? Have they never visited the slums in which so many millions of this great Free Trade nation live? Have they never studied our statistics of unemployment, or counted the hundreds of thousands of babies who die for lack of nourishment in this cheap and wealthy Free Trade country?

Free Trade! The spectacle of three million Socialists whose basic principle is national ownership and control, praying for the institution of a system which claims the right of every individual man “to do what he likes with his own” is comic enough to impel the Kaiser to send a telegram to some one about it.

If the door be opened to the foreigner in Germany or America, and if he take in goods which *compete* with goods now produced in those countries, if the foreigner be allowed to capture some of the trade, what is to happen to the people now employed in those industries in Germany or America?

You may punish the Trust proprietors by permitting foreign competition. But at the same time *you will ruin the workpeople they employ.*

That is *not the remedy.* The remedy for the so-called evils of Protection is more Protection *inside* the country. Protect your wage-earners against the greed of employers. Protect your consumers against the Trusts. But do not pretend you can protect the right to work and the wages of the masses by inviting the foreigner to send you goods

which can be produced by your own people. You cannot have Free Trade *and* Socialism.

Get a clear idea of the object of Protection and you need pay no attention to the wordy warfare about prices and wages in different countries.

Wages are the workers' share of the total wealth.

The conditions necessary for the production of the largest amount of wealth in a country include Protection against foreign competition.

The larger the amount of wealth produced the larger the possible wages of the workers.

Without Protection against foreign competition, wages must always be in danger of reduction or disappearance.

All the tables of figures showing prices and wages in every country in the world cannot affect the truth of these propositions.

XIV.—Minor Fallacies.

IF people would only acquire the habit of always testing arguments for or against their beliefs by the touchstone of foundation principles, they would not so often fall victims to the specious plausibilities of interested opponents, or the irrelevancies of enthusiastic supporters.

Most of the arguments against Protection are of "The Hungry Forties" and "The Wages and Prices" type. They are irrelevant. Can any Socialist, or any person with the interests of the nation at heart, deny that the theory of Protection is sound and sane? Protection is involved in Socialism. Protection against foreign attacks on our natural resources would not be the whole of Socialism. But it would be a part of Socialism.

From what, then, do the arguments against Protection derive their force? Is it from the truth of the opposite principle?

No. For every Socialist must admit that the principle of Free Trade is anti-national and anti-Socialist.

The arguments against Protection derive what force they exercise in the mind of a Socialist from the fact that the full benefits of Protection have not hitherto been enjoyed by the whole people of any nation, but by the few only.

"Look at the United States. There they have the highest Protection. But there they have, too,

grinding poverty, sweating, low wages, unemployment. What is the use of Protection?"

Well, I look at the United States, and I find all these terrible evils. But I do not, therefore, conclude that Protection is an evil itself, or the cause of these other evils.

Turn to the foundation principle of Protection, and test the result of its application in the United States by that principle.

Are the natural resources and industries of the United States protected against attacks from the foreigner?

Yes. Then Protection is vindicated. *That is all Protection is required to do.*

To reject Protection on the ground that it does not provide work for all, old age pensions at forty, free gramophones, national theatres, and the millennium is mere crankiness. Put a fence round your fowls and you can keep the rats out. But the fence will not prevent the big hens from robbing the little fowls of their corn. That is another problem.

The popular arguments against Protection do not touch its main principle. They ascribe certain evils to Protection which are not due to Protection, and then ask us to condemn Protection and *to support Free Trade.*

But no Socialist can support Free Trade. You cannot have Free Trade and Socialism. While Free Trade exists Socialism is impossible. Nationalism is impossible. A Free Trader cannot *be* a Socialist.

I have already dealt at length with some of the popular arguments against Protection. I will now deal briefly with a few more of the same type.

There is first the argument that Protection is a "landlords' policy."

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If you prohibit or tax foreign goods then home producers will raise their prices. The consumer will be fleeced. The farmer, or other producer, may for a time benefit by the higher prices but sooner or later, his rent will be raised, and in the end the landlord will reap all the benefit of Protection.

Test this argument by the principle of Protection. Does the argument assert that Protection will not protect our natural resources and industries against foreign competition?

No. It simply states that *inside* the protected country, a certain class will gain at the expense of other classes.

But is that gain due to the fact that the foreigner is prevented from injuring our industries? Certainly not. The landlords' gain is due to the existence of bad laws and bad social arrangements in the country protected.

Does Free Trade involve good laws and social arrangements, the preservation of our national resources, and the absence of "fleecing"?

We have twelve millions on the verge of starvation, twenty million very poor, thirty-nine million poor.

The whole point is, "Are the industries protected for the use of the people of any given country? The question of who benefits or suffers under the laws of that country is a separate question, and it must be dealt with by the people of that country. Not by foreign competition and Free Trade.

Just a word, too, about the landlord scapegoat. The landlord is said to take the "lion's share" of the profits of monopoly. But that is not true. The lion's share of monopoly, unearned increment, is

taken by capitalists. No Socialist ought to lend himself to the Free Trade capitalist game of making landlords the bogey. There are *two* bogeys.

Protect your industries from foreign aggression. Then legislate for the protection of workers and consumers against the greed of landlord and capitalist oppressors *inside* the country. If you cannot do that, what is the use of pretending that you can do anything to improve the condition of the masses?

Another argument which appeals to certain people is—

That Protection would lead to corruption.

This argument is always supported by facts from the United States. We seldom or never hear of the corruption of legislators in Germany, France, Australia, or New Zealand. What is it worth?

Test it by the principle. Suppose Protection against the foreigner provides occasion for the practice of bribery and corruption in Parliament. Does the fact of the existence of that bribery and corruption prove the falsity or impotence of Protection?

Not at all. The object of Protection is to preserve the nation's natural resources and industries for the people of that nation. If corruption is practised, the remedy is not Free Trade, but *public vigilance*.

In this connection I should like to point out in what an advantageous position we stand in regard to the possibility of corruption under Protection. If we should adopt Protective Tariffs, we ought to be able to avoid the pitfalls of corruption into which the United States has fallen. We have practically a clean sheet. If the masses of the people are awake

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to their interests they can and will insist on the institution of a Tariff Board of unimpeachable impartiality and integrity, at any rate, as trustworthy as the Bench of Judges.

There is bribery and corruption under Free Trade. Immorality will manifest itself in one way or another in any community which fails to exercise vigilance and to set up a high standard of honour.

If we only had REAL Free Trade——?

Well, what? I have never been able to understand what *real* Free Trade means, but I have heard people mention it with a yearn in their voices that suggested that the millennium was involved in *real* Free Trade.

What is *real* Free Trade? What would it *be*? How *could* it be?

If any Socialist thinks *real* Free Trade a possible system, I wish he would explain it.

That Protection is an “unfriendly act” towards foreigners.

I am afraid there is a good deal of unconscious cant in this argument.

“Are not the foreigners our brothers?”

Yes.

“Is it not an unbrotherly act to say to the foreigner that we will not allow him to sell his goods in our country?”

Protection does *not* say anything so foolish and unbrotherly. Protection says to the foreigner, “We will allow our people to buy from you and we will allow our people to sell to you, goods whose exchange is mutually advantageous to *the whole people*, to the nation. But we will not allow you to sell goods to Jones which Robinson might make

at home simply because *you*, a foreigner, and Jones, one of our people, would make a little more profit by the transaction, while Robinson would be left without employment."

Where is the unfriendliness?

Is it an unfriendly act for a family man to feed and clothe his own children before he thinks of sending alms to starving Hindus?

A nation's duty is to feed and clothe its own people first. Our duty is to establish Socialism *here*, in the United Kingdom, and we can only achieve that object by protecting our natural resources, just as the family man can feed his children only if he prevents robbers from stealing their food.

In permitting Free Trade you injure foreigners as well as your own people.

The people who gain by Free Trade are the *individuals* who exchange wealth. If John Smith exchanges corn for Alphonse Lecoq's wine they gain by the exchange. But in France Alexandre Dumas may be out of work and starving because of that exchange, because Alphonse, instead of organising home industry and exchanging with Alexandre, can make a bit more profit by exchanging with the Englishman.

I contend that it is a nation's duty to employ and nourish its own people *first*, and I contend that in doing so it does not antagonise other nations, but on the contrary, sets an example of common sense and morality which must inspire respect and friendliness in other peoples.

Protection does not mean shutting foreign goods out of the country because they are foreign. Protection means protection of our *own*. Not to protect is an unfriendly act to your own people, and I do

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not see how international peace and the brotherhood of man are to be fostered by doing injustice at home. Let us protect our own natural resources, let us employ and nourish all our own people, then we shall be in a much better position for promoting international friendliness, a much better position for furthering international peace and disarmament, a much better position for securing Socialism than by upholding and advocating Free Trade, that is, free competition and individualism, and the antagonism which they inevitably involve.

If Protection is good for a nation it must be good for a town or a village. But anyone can see the absurdity of such a policy. Therefore it must be absurd for a nation.

This is worse than a cranky argument. It is downright imbecility, but you can read it in the works of expert Free Trade authorities.

The Socialists' answer to this argument is somewhat different from that of the Tariff Reformer. The latter argues quite rightly that the area to be protected against foreign competition must naturally be co-terminous with the political boundaries. The United Kingdom is a nation, and its Government and people are responsible for the cultivation and preservation of its natural resources, just as they are responsible for the preservation of its laws and institutions and general civilisation, by force of arms when necessary.

But the various towns and villages inside the United Kingdom are not separate nations and civilisations with separate laws and institutions, and the Tariff Reformer would permit competition inside the country (until the Trusts arrive!) in order to secure variety and efficiency.

Now, the Socialist rejects competition, and under Socialism, when goods were produced to satisfy the normal needs of all the people, competition inside the United Kingdom would be abolished. The Socialist thinks it as foolish for Birmingham manufacturers to send *competitive* goods to Sheffield as for America to send us goods which we have the means of producing ourselves. Although competition inside the country may cause unemployment and waste of capital, that is an evil that can be remedied by organisation. *We have the industry in the country when the competitors are in the country.* But when foreign competitors have stolen the trade, you must get back and protect the industry before you can organise it for the employment of your own people.

The difference in the two cases is so illuminating that it ought to penetrate even the fogs of a Free Trade delusion.

That Protection must be evil because some advocates of Protection support it by such dastardly methods.

If this argument is good against Protection it is good against Free Trade. Liars and lunatics are the bane of every cause. There is a natural tendency to exaggerate the benefits to be derived from the application of a principle in whose truth and rightness one enthusiastically believes. But there are calm and temperate advocates of Protection (pardon my blushes), or any cause, and the judicious person will study the arguments of such advocates and judge the theory by them.

The propaganda of Protection in this country has undoubtedly been marked by an out-pouring of deliberate and calculated lying. So has the Free

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Trade defence. But all Protectionists are not liars, nor are all Free Traders. And neither side has gained anything from the propaganda of its liars.

The case for Protection is so clear and so strong and true that it could not fail to win the approval of all intelligent people in a comparatively short time if the liars were ruthlessly silenced. The person, for instance, who invented the cry "Protection means work for all," ought to be execrated by all honest Protectionists. Protection does not mean work for all. Protection means the preservation of our natural resources against aggression by foreigners. It may mean more employment for our own people. It should do. But work for all is impossible without national organisation of industry. We may prevent foreigners from capturing our industries, but we shall still have to prevent our home-bred oppressors from monopolising our natural resources for the benefit of the few.

Test every argument by the foundation principle, and whether it be an exaggeration of the benefits of the principle, or a supposed denial of the real benefits of the principle, the hidden fallacy will easily be detected.

XV.—To-Day's Work

I CLAIM to have demonstrated in the preceding chapters (1) That the principle of Free Trade is opposed to the principle of Socialism. (2) That the principle of Protection is in harmony with the principle of Socialism.

Free Trade and Socialism are eternally at variance. The nearer to Free Trade the farther from Socialism. Socialism and Free Trade is impossible. No Free Trader can be a Socialist. No Socialist can be a Free Trader.

Protection on the other hand, is involved in Socialism. Without Protection Socialism is impossible. Every Protectionist is not a Socialist; but every Socialist must be a Protectionist.

I claim also to have demonstrated that a Labour Party which affects to represent ALL Labour cannot consistently support Free Trade.

Labour depends for its existence on the development of the natural resources and industries of the country. If the development of those natural resources and industries is restricted, hindered, or injured by the competition of foreigners, Labour, as a whole, must suffer. Under Free Trade all industries are always in danger, and some must inevitably be injured. Therefore an ALL-Labour Party must be Protectionist.

Apart from Socialism, I could have none but a

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sordid interest in the rivalries of Free Trade and Protection. Apart from Socialism, the question of Free Trade and Protection would be merely a matter of personal profit. If I thought Protection would pay me I should support Protection. If I thought Free Trade would pay me I should support Free Trade. What might happen to the *nation* as a result of the adoption of either system would not concern me. I should take the risks of my choice and there an end. The British nation would probably last out my time in any event, and one could always move to some other country and play the same sordid game.

But as a Socialist I have an ideal, and that ideal is the welding of the mob of antagonistic individual classes now only very loosely allied as a "nation" into a real co-operative commonwealth, in which the interests of the individual and the interests of the community shall be blent into one harmonious aspiration for the welfare and progress of the whole people.

To realise that ideal I hold that one of the necessary conditions is the national control of our natural resources, of the land and other means of production inside the boundaries of our political authority. I want Protection because I want Socialism. Protection is just as necessary to Socialism as trade unionism is necessary to the existence of standard wages, or policemen and prisons to the enjoyment of property by the individual.

I want Socialism, and I want it in my country. I think it possible to establish Socialism sooner in one country than in another country, and I think the possibilities in my country greater than in almost any other country. The nation which first estab-

lishes Socialism will lead the world. I want the British nation to be that nation.

It would be good to establish a world Socialism, but I deny that Free Trade helps to foster or further feelings of international solidarity or fraternalism. I contend that a nation which preserves and protects its natural resources and nourishes its own people is a greater force for peace and brotherhood and world Socialism than the bastard cosmopolitanism which encourages competition, cheapness, sweating, and greed in the name of universal peace and freedom.

Just as a man wins self respect by dealing justly with his fellows and defending his rights against aggression, so does a nation. Just as such a man is an example to follow, so would be such a nation. Let us be that nation.

To establish Socialism without protecting our natural resources and industries against foreign aggression is impossible. Socialists must be Protectionists to the death.

Does all this imply that I advocate whole-hearted support of the proposals of any Tariff Reform or Protectionist Party? Not at all.

It has been no part of my object in these pages to deal with the question of a practical policy. All I have tried to do is to convince Socialists that Socialism is Socialism. I have merely asked them to apply the principles of Socialism to the elucidation of the fiscal problem, and not the delusions and snares of their opponents.

Tried by those principles, I assert that the theory of Protection is sound. I have shown that a Socialist must be a Protectionist, and must, if he were in power, formulate a practical Protectionist policy.

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I do not want Protection because a Tariff Reformer complains that his particular industry is ruined by foreign competition. I want Protection because Protection is necessary to Socialism. I want Protection so that I can begin to organise industry in accordance with the needs of the people. Free Trade, and the lop-sided development of industry it involves, make it impossible to attempt that orderly development. Free Trade is the enemy. Without control of all our natural resources and industries Socialism is impossible. Protection is necessary to secure that control.

But Socialists are not in power, and the Labour Party is a Free Trade Party. What should be our policy in these circumstances?

What can it be but the propagation of our principles? A Socialist should have clear and definite ideas on the question. He should know why he is a Protectionist and wherein he differs from other Protectionists. Understanding thoroughly the true principle on which the policy of Protection rests, the Socialist's chances of influencing public opinion and driving it in the right direction should be greater than those of any other Party.

Because I am a Protectionist it does not follow that I believe the Tory Party's Protectionist proposals would result in "work for all." It does not follow that I believe the fool stories about getting fabulous millions a year by "taxing the foreigner." It does not follow that I have swallowed that preposterous yarn about "our" paying more for what "we" buy than "we" get for what "we" sell, or that the difference between "our" excessive imports and "our" exports is cancelled by exporting golden sovereigns. No, I am a Protectionist because Protection is involved in the principle of Socialism.

The Tory Party is Protectionist for various reasons. That Party may be more of a national Party than the Free Trade Party, but even the most altruistic Tory Protectionist must recognise that the sordid interests of Toryism will attempt to use Tariffs for their own profit. It should be the Socialist's work to make clear to the people the difference between such a policy and a truly *national* protective policy. We are the Party of the people—all the people, and not of any class or interest. Test all proposals for Protection by the principle of Protection. If they are in harmony with that principle we can honestly support them. If not, we must ruthlessly oppose them.

The Labour Party policy of "bitter opposition" to any and every Tariff Reform proposal is madness. What does it mean? It means the retention of Free Trade, the buttressing of a principle directly opposed to the principle of trade unionism, which is Protection. It means that the Labour Party choose to support certain capitalist interests which find their profit in Free Trade. It is anti-Labour, anti-national, anti-Socialist policy.

An independent Party in Parliament, acting in the interests of ALL Labour, would consider Tariff measures from the national point of view. If strong enough, as the Labour Party might have been, it could prevent any manipulation of Protection in the interests of any particular industry. But the Labour Party has not yet arrived at the conception of an ALL Labour policy. It is Liberal-Labour and Free Trade to the death.

We want a *national* Party, and the only section of the people whose principles impel and compel them to judge things from the national point of view is the Socialist section. It should be our task to

educate the people in the true principles of Protection and make them clearly understand that the benefits of Protection can never be enjoyed by the whole people unless Protection against privilege, oppression, and monopoly inside the country accompanies Protection against the foreigner outside the country.

In conclusion, I should just like to say a word on the question of Imperial Preference. To me, as a Socialist and an Englishman, the policy of fostering exchanges with people of our own blood in preference to fostering exchanges with foreign peoples seems to be so obviously a natural and common-sense policy as to need no arguments to ensure its general acceptance.

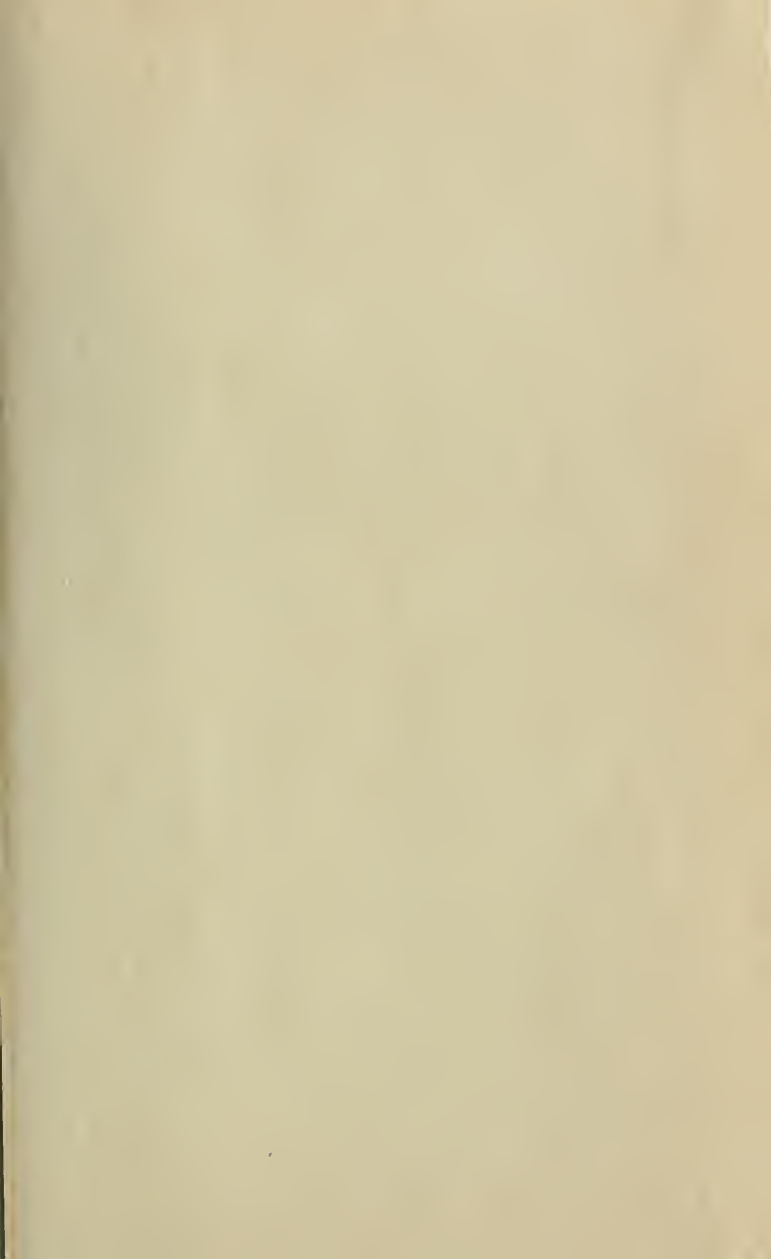
As a Socialist, I should, of course, object as much to the free admission into this country of *competitive* goods from Canada or Australia as from Germany or France. Our first duty is to protect and nourish our own people. If it is profitable to exchange products—*mutually advantageous* products—with other countries, we can do so. And if there is a question of exchanging our goods for German or Canadian goods, common sense and Socialism suggest that the right policy is to exchange with our own kith and kin.

Our first duty is to establish Socialism at home, to make a Socialist State of the British *nation*. Our next task is to help in building up a Socialist British Empire, if one may use such a conjunction of words. And the consolidation of the mother and sister States by means of preferential exchange of goods would tend towards that most desirable consummation.

On, then, to the task! Down with Free Trade!

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